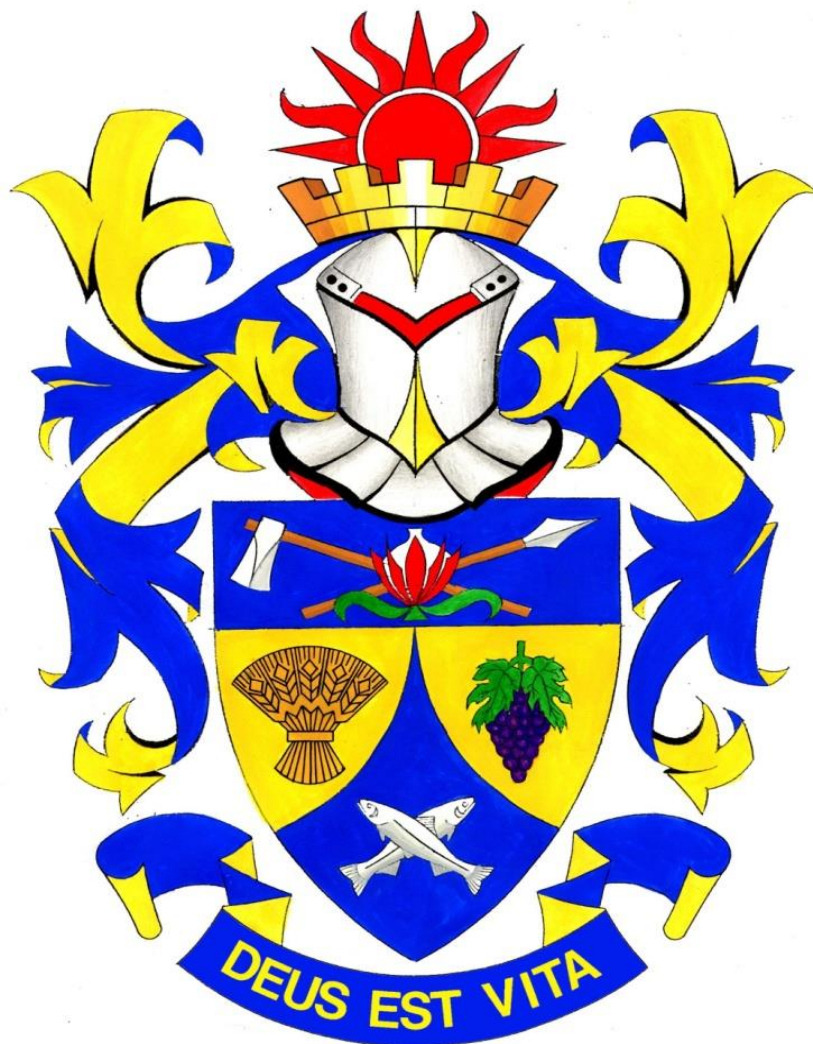


# **BERGRIVIER LOCAL MUNICIPALITY**



## **UNAUDITED ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2019**

# BERGRIVIER LOCAL MUNICIPALITY

## INDEX

Content	Page
General Information	1 - 2
Approval of the Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts	8 - 10
Accounting Policies	11 - 34
Notes to the Financial Statements	35 - 80
<b>APPENDICES - Unaudited</b>	
A    Schedule of External Loans	81
B    Disclosure of Grants and Subsidies	82
C    National Treasury's Appropriation Statement	83 - 89

# BERGRIVIER LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Bergrivier Local Municipality performs the functions as set out in the Constitution of South Africa, 1996

### LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act 117 of 1998).

### JURISDICTION

The Bergrivier Local Municipality includes the following areas:

Piketberg	Eendekuil	Aurora
Porterville	Redelinghuys	Wittewater
Velddrif	Dwarskersbos	Goedverwacht

### MEMBERS OF THE COUNCIL

Ward 1	Cllr J Daniels
Ward 2	Cllr AJ du Plooy
Ward 3	Ald A de Vries
Ward 4	Ald RM van Rooy
Ward 5	Cllr A van Wyk
Ward 6	Cllr A Small
Ward 7	Ald SM Crafford
Proportional	Cllr JC Botha
Proportional	Cllr MA Wessels
Proportional	Cllr D De Bruin
Proportional	Ald SIJ Smit
Proportional	Cllr I Adams
Proportional	Cllr SS Lesch

### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Ald RM van Rooy	(Elected 20 July 2018)
Deputy Executive Mayor	Ald SM Crafford	(Acting Executive Mayor 23 May 2018 - 20 July 2018)
Executive Councillor	Cllr AJ du Plooy	
Executive Councillor	Cllr M Wessels	

### MUNICIPAL MANAGER

Adv. H Linde

### CHIEF FINANCIAL OFFICER

Mr M Wüst (Resigned 31 August 2019)

### AUDIT COMMITTEE

Ms R Gani  
Mr CB de Jager  
Ms S Smith  
Ms KE Montgomery (Resigned 25 June 2019)  
Mr B van Staaden

# BERGRIVIER LOCAL MUNICIPALITY

## GENERAL INFORMATION

### REGISTERED OFFICE

13 Church Street  
Piketberg

### POSTAL ADDRESS

PO Box 60  
Piketberg  
7320

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

Nedbank Limited  
ABSA Bank Limited

### ATTORNEYS

De Villiers Van Zyl  
Swemmer & Levin  
Fox en Cronje  
Jacques Ehlers

### RELEVANT LEGISLATION

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)  
Collective Agreements  
Compensation for Occupational Injuries and Diseases Act 130 of 1993  
Division of Revenue Act  
Electricity Act, 1987 (Act 41 of 1987)  
Employment Equity Act, 1998 (Act 55 of 1998)  
Employment Services Act 4 of 2014  
Housing Act, 1997 (Act 107 of 1997)  
Labour Relations Act 66 of 1995  
Municipal Budget and Reporting Regulations  
Municipal Finance Management Act, 2003 (Act 56 of 2003)  
Municipal Planning and Performance Management Regulations  
Municipal Property Rates Act, 2004 (Act 6 of 2004)  
Municipal Regulations on a Standard Chart of Accounts, 2014  
Municipal Structures Act, 1998 (Act 117 of 1998)  
Municipal Systems Act, 2000 (Act 32 of 2000) as Amended  
National Environmental Management Act, 2008 (Act 62 of 2008)  
National Minimum Wage Act 9 of 2018  
Occupational Health and Safety Act, 1993 (Act 85 of 1993)  
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)  
Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)  
SALGBC Leave Regulations  
Skills Development Levies Act, 1999 (Act 9 of 1999)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act, 1966 (Act 30 of 1966)  
Unemployment Insurance Contributions Act 4 of 2002  
Value Added Tax Act  
Water Services Act, 1997 (Act 108 of 1997)

# BERGRIVIER LOCAL MUNICIPALITY

## APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

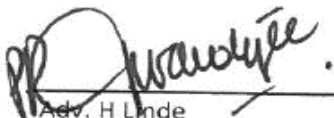
I am responsible for the preparation of these annual financial statements for the year ended 30 June 2019, which are set out on pages 1 to 80 in terms of Section 126 (1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
Adv. H Linde  
Municipal Manager

30/08/2019.  
Date

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>156 661 475</b>	<b>150 083 556</b>
Cash and Cash Equivalents	2	71 438 105	77 935 964
Receivables from Exchange Transactions	3	50 414 069	36 176 342
Receivables from Non-Exchange Transactions	4	30 444 097	31 525 676
Taxes	5	1 839 119	-
Operating Lease Asset	6	23 146	39 955
Current Portion of Long-term Receivables	7	172 706	1 303 917
Inventory	8	2 330 233	3 101 703
<b>Non-Current Assets</b>		<b>396 544 666</b>	<b>373 047 787</b>
Long-term Receivables	7	445 778	304 641
Investment Property	9	16 231 461	15 546 452
Property, Plant and Equipment	10	352 688 819	329 628 553
Intangible Assets	11	4 560 660	4 292 597
Heritage Assets	12	454 012	454 012
Capitalised Restoration Cost (PPE)	13	22 163 937	22 821 531
<b>Total Assets</b>		<b>553 206 141</b>	<b>523 131 343</b>
<b>Current Liabilities</b>		<b>38 073 278</b>	<b>41 630 038</b>
Current Portion of Long-term Liabilities	14	5 145 106	5 119 513
Consumer Deposits	15	3 664 884	3 464 470
Payables from exchange transactions	16	16 040 621	21 545 811
Taxes	5	-	340 103
Unspent Conditional Government Grants	17	653 962	199 470
Operating Lease Liability	6	10 790	-
Current Employee benefits	18	12 557 915	10 960 671
<b>Non-Current Liabilities</b>		<b>163 866 794</b>	<b>157 423 052</b>
Long-term Liabilities	14	53 048 364	51 243 447
Employee benefits	19	37 973 204	39 777 542
Non-Current Provisions	20	72 845 226	66 402 063
<b>Total Liabilities</b>		<b>201 940 071</b>	<b>199 053 090</b>
<b>NET ASSETS</b>		<b>351 266 070</b>	<b>324 078 253</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus		320 156 997	298 882 834
Capital Replacement Reserve	21	30 848 500	24 891 500
Housing Development Fund	21	260 572	303 919
		<b>351 266 070</b>	<b>324 078 253</b>

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>161 016 371</b>	<b>140 645 497</b>
<b>Taxation Revenue</b>		<b>67 799 813</b>	<b>62 606 570</b>
Property Rates	22	67 799 813	62 606 570
<b>Transfer Revenue</b>		<b>77 240 208</b>	<b>65 643 519</b>
Government Grants and Subsidies - Operating	23	56 025 405	48 799 496
Government Grants and Subsidies - Capital	23	20 514 803	14 950 441
Contributed Assets	24	700 000	1 893 582
<b>Other Revenue</b>		<b>15 976 349</b>	<b>12 395 408</b>
Insurance Refund		218 885	36 316
Fines, penalties and forfeits	25	9 934 861	7 098 271
Actuarial Gains	26	5 822 604	5 260 821
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>187 183 917</b>	<b>171 652 016</b>
<b>Operating Activities</b>		<b>187 183 917</b>	<b>171 652 016</b>
Service Charges	27	160 631 071	145 624 075
Rental of Facilities and Equipment	28	5 830 400	5 319 490
Interest Earned - external investments		6 202 756	6 729 330
Interest Earned - outstanding debtors		7 390 157	6 843 064
Agency Services	29	4 312 596	4 016 499
Other Income	30	2 311 072	2 553 426
Gain on disposal of Non-Monetary Assets	41	505 865	566 132
<b>TOTAL REVENUE</b>		<b>348 200 287</b>	<b>312 297 513</b>
<b>EXPENDITURE</b>			
Employee Related Costs	31	123 261 269	111 580 828
Remuneration of Councillors	32	6 262 498	5 822 315
Debt Impairment	33	16 122 564	15 312 993
Depreciation and Amortisation	34	21 411 951	21 069 269
Finance Charges	35	13 372 355	12 834 747
Bulk Purchases	36	83 689 111	77 802 743
Contracted Services	37	16 280 561	16 113 307
Transfers and Grants	38	5 322 700	4 150 106
Other Expenditure	39	34 994 061	30 181 585
Actuarial Losses	40	295 409	-
<b>TOTAL EXPENDITURE</b>		<b>321 012 478</b>	<b>294 867 893</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>27 187 809</b>	<b>17 429 620</b>

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019

	CAPITAL REPLACEMENT RESERVE R	HOUSING DEVELOPMENT FUND R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2017 - Previously Reported</b>	<b>17 561 500</b>	<b>393 813</b>	<b>301 733 759</b>	<b>319 689 059</b>
Correction of error restatement - note 42.6	-	-	(13 040 477)	(13 040 477)
<b>Balance on 30 June 2017 - Restated</b>	<b>17 561 500</b>	<b>393 813</b>	<b>288 693 282</b>	<b>306 648 595</b>
Net Surplus for the year	-	-	17 429 659	17 429 659
Transfer to Capital Replacement Reserve	17 397 879	-	(17 397 879)	-
Property, Plant and Equipment purchased	(10 067 879)	-	10 067 879	-
Transfer to Housing Development Fund	-	(89 894)	89 894	-
<b>Balance on 30 June 2018 - Restated</b>	<b>24 891 500</b>	<b>303 919</b>	<b>298 882 834</b>	<b>324 078 253</b>
Net Surplus for the year	-	-	27 187 816	27 187 816
Transfer to Capital Replacement Reserve	19 505 793	-	(19 505 793)	-
Property, Plant and Equipment purchased	(13 548 793)	-	13 548 793	-
Transfer to Housing Development Fund	-	(43 347)	43 347	-
<b>Balance on 30 June 2019</b>	<b>30 848 500</b>	<b>260 572</b>	<b>320 156 997</b>	<b>351 266 069</b>



# BERGRIVIER LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		66 921 734	54 467 061
Service Charges and Interest on outstanding Debtors		146 524 662	141 393 499
Other Revenue		14 514 940	18 292 524
Government Grants		76 967 821	63 503 975
Investment Income		6 202 756	6 729 330
<b>Payments</b>			
Suppliers and employees		(267 748 330)	(251 164 144)
Finance charges		(6 404 172)	(6 280 107)
Transfer and Grants		(5 322 700)	(4 150 106)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>44</b>	<b>31 656 710</b>	<b>22 792 031</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of Property, Plant and Equipment		785 990	789 855
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(40 327 013)	(28 021 903)
Purchase of Intangible Assets		(652 174)	(1 461 369)
Purchase of Investment Property		(35 652)	-
(Increase)/Decrease in Long-term Receivables		43 347	14 889
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(40 185 502)</b>	<b>(28 678 529)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New loans raised		6 950 000	6 080 000
Increase in Consumer Deposits		200 446	183 377
<b>Payments</b>			
Loans repaid		(5 119 513)	(4 521 406)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>2 030 933</b>	<b>1 741 971</b>
<b>NET DECREASE IN CASH HELD</b>		<b>(6 497 859)</b>	<b>(4 144 526)</b>
Cash and Cash Equivalents at the beginning of the year		77 935 964	82 080 490
Cash and Cash Equivalents at the end of the year		71 438 105	77 935 964

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	78 217 620	(8 026 247)	70 191 373	64 585 893	(5 605 479)
Call investment deposits	6 022 041	403 184	6 425 225	6 852 211	426 986
Consumer debtors	72 416 507	9 369 992	81 786 499	75 529 457	(6 257 041)
Other Receivables	7 789 755	(2 389 186)	5 400 569	7 190 974	1 790 405
Current portion of long-term receivables	-	1 303 917	1 303 917	172 706	(1 131 211)
Inventory	2 704 134	397 569	3 101 703	2 330 233	(771 470)
<b>Total current assets</b>	<b>167 150 056</b>	<b>1 059 230</b>	<b>168 209 285</b>	<b>156 661 475</b>	<b>(11 547 810)</b>
<b>Non current assets</b>					
Long-term receivables	2 535 757	(2 231 116)	304 641	445 778	141 137
Investment property	13 109 679	(180 845)	12 928 834	16 231 461	3 302 627
Property, plant and equipment	374 850 949	2 271 019	377 121 968	374 852 756	(2 269 213)
Intangible Assets	4 576 110	(42 340)	4 533 770	4 560 660	26 890
Other non-current assets	454 012	-	454 012	454 012	-
<b>Total non current assets</b>	<b>395 526 506</b>	<b>(183 281)</b>	<b>395 343 225</b>	<b>396 544 666</b>	<b>1 201 441</b>
<b>TOTAL ASSETS</b>	<b>562 676 562</b>	<b>875 949</b>	<b>563 552 511</b>	<b>553 206 141</b>	<b>(10 346 369)</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	4 349 680	230 953	4 580 633	5 145 106	564 474
Consumer deposits	3 332 290	266 106	3 598 396	3 664 884	66 488
Trade and other payables	30 665 571	(5 416 940)	25 248 631	16 705 372	(8 543 259)
Provisions and Employee Benefits	8 947 920	2 370 731	11 318 651	12 557 915	1 239 264
<b>Total current liabilities</b>	<b>47 295 460</b>	<b>(2 549 149)</b>	<b>44 746 311</b>	<b>38 073 278</b>	<b>(6 673 033)</b>
<b>Non current liabilities</b>					
Borrowing	54 824 563	(1 211 749)	53 612 814	53 048 364	(564 450)
Provisions and Employee Benefits	118 510 914	(5 622 007)	112 888 907	110 818 430	(2 070 478)
<b>Total non current liabilities</b>	<b>173 335 477</b>	<b>(6 833 756)</b>	<b>166 501 721</b>	<b>163 866 794</b>	<b>(2 634 928)</b>
<b>TOTAL LIABILITIES</b>	<b>220 630 937</b>	<b>(9 382 905)</b>	<b>211 248 032</b>	<b>201 940 071</b>	<b>(9 307 961)</b>
<b>NET ASSETS</b>	<b>342 045 625</b>	<b>10 258 854</b>	<b>352 304 478</b>	<b>351 266 070</b>	<b>(1 038 408)</b>
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus	308 827 312	10 873 248	319 700 559	320 156 997	456 438
Reserves	33 218 313	(614 394)	32 603 919	31 109 072	(1 494 846)
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>342 045 625</b>	<b>10 258 854</b>	<b>352 304 479</b>	<b>351 266 070</b>	<b>(1 038 408)</b>

Refer to note 46.2 for explanations of material variances.

Material variances are considered to be any variances greater than R3 million.

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>REVENUE</b>					
Property Rates	67 181 877	-	67 181 877	67 799 813	617 936
Service Charges - Electricity Revenue	112 163 727	769 372	112 933 099	102 121 453	(10 811 646)
Service Charges - Water Revenue	21 865 717	501 078	22 366 795	24 347 734	1 980 939
Service Charges - Sanitation Revenue	12 906 225	31 881	12 938 106	12 876 092	(62 014)
Service Charges - Refuse Revenue	21 262 698	251 302	21 514 000	21 285 792	(228 208)
Rental of Facilities and Equipment	908 391	159 239	1 067 630	5 830 400	4 762 770
Interest Earned - External Investments	5 118 750	20 000	5 138 750	6 202 756	1 064 006
Interest Earned - Outstanding Debtors	4 284 800	-	4 284 800	7 390 157	3 105 357
Fines	9 691 365	(1 323 365)	8 368 000	9 934 861	1 566 861
Licences and Permits	11 437	(437)	11 000	-	(11 000)
Agency Services	4 210 328	-	4 210 328	4 312 596	102 268
Transfers Recognised - Operational	61 748 130	(2 857 029)	58 891 101	56 025 405	(2 865 696)
Other Revenue	7 373 121	423 157	7 796 278	8 352 560	556 282
Gain on disposal of PPE	-	-	-	505 865	505 865
<b>Total Revenue (excluding capital transfers)</b>	<b>328 726 566</b>	<b>(2 024 802)</b>	<b>326 701 764</b>	<b>326 985 484</b>	<b>283 720</b>
<b>EXPENDITURE</b>					
Employee Related Costs	125 026 679	(4 576 441)	120 450 238	123 261 269	2 811 031
Remuneration of Councillors	6 377 666	(59 000)	6 318 666	6 262 498	(56 168)
Debt Impairment	14 142 493	2 961 507	17 104 000	16 122 564	(981 436)
Depreciation and Asset Impairment	21 890 610	474 390	22 365 000	21 411 951	(953 049)
Finance Charges	14 013 694	(448 704)	13 564 990	13 372 355	(192 635)
Bulk Purchases	79 480 000	3 163 200	82 643 200	83 689 111	1 045 911
Other Materials	11 414 778	(132 811)	11 281 967	-	(11 281 967)
Contracted Services	24 447 442	(2 261 156)	22 186 286	16 280 561	(5 905 725)
Transfers and Grants	5 280 520	50 000	5 330 520	5 322 700	(7 820)
Other Expenditure	33 771 408	327 103	34 098 511	35 289 470	1 190 959
<b>Total Expenditure</b>	<b>335 845 290</b>	<b>(501 912)</b>	<b>335 343 378</b>	<b>321 012 478</b>	<b>(14 330 900)</b>
<b>Surplus/(Deficit)</b>	<b>(7 118 724)</b>	<b>(1 522 890)</b>	<b>(8 641 614)</b>	<b>5 973 006</b>	<b>14 614 620</b>
Transfers and subsidies - Capital (monetary)	21 434 870	391 304	21 826 174	20 514 803	(1 311 371)
Transfers and subsidies - Capital (in-kind)	-	-	-	700 000	700 000
<b>Surplus/(Deficit) for the year</b>	<b>14 316 146</b>	<b>(1 131 586)</b>	<b>13 184 560</b>	<b>27 187 809</b>	<b>14 003 249</b>

Refer to note 46.3 for explanations of material variances.

Material variances are considered to be any variances greater than R3 million.

# BERGRIVIER LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>CASH FLOW STATEMENT</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates, penalties & collection charges	64 830 512	(335 910)	64 494 602	66 921 734	2 427 132
Service charges	162 311 425	650 495	162 961 920	146 524 662	(16 437 258)
Other revenue	14 223 501	(273 265)	13 950 236	14 514 940	564 704
Government Grants	83 183 000	(2 465 725)	80 717 275	76 967 821	(3 749 454)
Interest	9 253 582	(1 424)	9 252 158	6 202 756	(3 049 402)
<b>Payments</b>					
Suppliers and Employees	(279 622 067)	2 696 621	(276 925 446)	(267 748 330)	9 177 116
Finance Charges	(6 596 330)	-	(6 596 330)	(6 404 172)	192 158
Transfers and Grants	(5 280 520)	-	(5 280 520)	(5 322 700)	(42 180)
<b>Net Cash from/(used) Operating Activities</b>	<b>42 303 104</b>	<b>270 791</b>	<b>42 573 895</b>	<b>31 656 710</b>	<b>(10 917 185)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	-	-	-	785 990	785 990
Decrease/(Increase) in Other Non-Current Receivables	-	-	-	43 347	43 347
<b>Payments</b>					
Capital Assets	(45 663 870)	(193 804)	(45 857 674)	(41 014 839)	4 842 835
<b>Net Cash from/(used) Investing Activities</b>	<b>(45 663 870)</b>	<b>(193 804)</b>	<b>(45 857 674)</b>	<b>(40 185 502)</b>	<b>5 672 172</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing long term/refinancing	6 950 000	-	6 950 000	6 950 000	-
Increase/(Decrease) in Consumer Deposits	133 926	-	133 926	200 445	66 519
<b>Payments</b>					
Repayment of Borrowing	(4 126 585)	(992 928)	(5 119 513)	(5 119 513)	-
<b>Net Cash from/(used) Financing Activities</b>	<b>2 957 341</b>	<b>(992 928)</b>	<b>1 964 413</b>	<b>2 030 932</b>	<b>66 519</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(403 425)</b>	<b>(915 942)</b>	<b>(1 319 366)</b>	<b>(6 497 860)</b>	<b>(5 178 494)</b>
Cash and Cash Equivalents at the year begin	84 643 085	(6 707 121)	77 935 964	77 935 964	-
Cash and Cash Equivalents at the year end	84 239 660	(7 623 063)	76 616 598	71 438 105	(5 178 493)

Refer to note 46.4 for explanations of material variances.

Material variances are considered to be any variances greater than R3 million.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1 ACCOUNTING POLICIES**

#### **1.01 BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

#### **1.02 TRANSITIONAL PROVISIONS**

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

#### **1.03 PRESENTATION CURRENCY**

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

#### **1.04 GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

#### **1.05 COMPARATIVE INFORMATION**

##### **1.05.1 Prior year comparatives**

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

##### **1.05.2 Amended Accounting Policies**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

### 1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

#### 1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (2018)	Presentation of Financial Statements	1 April 2020
GRAP 21 (2018)	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 26 (2018)	Impairment of Cash-generating Assets	1 April 2020
GRAP 104 (2018)	Financial Instruments	1 April 2020

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which were issued but are not yet effective:

#### 1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

The Municipality resolved to develop an accounting policy as set out in note 1.29.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

### 1.08.1.3 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

### 1.08.1.4 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

### 1.08.1.5 GRAP 36 - Investments in Associates and Joint Ventures (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

### 1.08.1.6 GRAP 37 - Joint Arrangements (effective 1 April 2020)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

### 1.08.1.7 GRAP 38 - Disclosure of Interests in Other Entities (effective 1 April 2020)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

### 1.08.1.8 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.08.1.9 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

### 1.08.1.10 iGRAP 1 (Revised) - Applying The Probability Test On Initial Recognition Of Revenue (effective 1 April 2020)

This Interpretation addresses the manner in which an entity applies the probability test on initial recognition of:

- (a) exchange revenue in accordance with GRAP 9; and
- (b) non-exchange revenue in accordance with GRAP 23.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

### 1.08.1.11 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

### 1.08.1.12 iGRAP 18 - Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

### 1.08.1.13 iGRAP 19 - Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

### 1.08.1.14 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

## 1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

All Standards of GRAP currently issued, have effective dates.



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.09 RESERVES

#### 1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

#### 1.09.2 Housing Development Fund (HDF)

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the HDF:

- (a) The HDF is fully cash-backed.
- (b) The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Human Settlements.
- (c) Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

### 1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land	N/A
Buildings	30

### 1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### 1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

## 1.11 PROPERTY, PLANT AND EQUIPMENT

### 1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

### 1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

### 1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
<b>Land and Buildings</b>		<b>Leased Assets</b>	
Land	N/A	Furniture and Office Equipment	2 - 5
Buildings	5 - 100		
Work in progress	N/A	<b>Community Assets</b>	
		Community Facilities	5 - 50
<b>Infrastructure</b>		Sport and Recreational Facilities	5 - 50
Electrical	5 - 50	Work in progress	N/A
Roads	5 - 50		
Sanitation	5 - 100	<b>Other Assets</b>	
Solid Waste	3 - 50	Computer Equipment	3 - 15
Storm Water	5 - 50	Furniture and Office Equipment	5 - 30
Water Supply	3 - 100	Machinery and Equipment	2 - 30
Work in progress	N/A	Transport Assets	2 - 30

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### 1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

## 1.12 INTANGIBLE ASSETS

### 1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

### 1.12.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 15

### 1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### 1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.13 HERITAGE ASSETS

### 1.13.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where a heritage asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.13.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

### 1.13.3 Depreciation

Heritage assets are not depreciated.

### 1.13.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### 1.13.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

## 1.14 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets used with the objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

### 1.14.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

### 1.14.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.14.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.14.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## 1.15 INVENTORIES

### 1.15.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.15.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### 1.16 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

#### 1.16.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

##### 1.16.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

##### 1.16.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### **1.16.2 Long-term Benefits**

#### **1.16.2.1 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### **1.16.3 Short-term Benefits**

#### **1.16.3.1 Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

#### **1.16.3.2 Bonuses**

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

### **1.17 PROVISIONS**

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

### 1.18 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### 1.18.1 Municipality as Lessee

##### 1.18.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

##### 1.18.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

#### 1.18.2 Municipality as Lessor

##### 1.18.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

##### 1.18.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.19 FINANCIAL INSTRUMENTS

#### 1.19.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### 1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
  - (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

#### 1.19.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

##### 1.19.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

##### 1.19.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.19.4 Derecognition of financial instruments**

#### **1.19.4.1 Financial assets**

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### **1.19.4.2 Financial liabilities**

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

### **1.19.5 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **1.20 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### **1.20.1 Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

#### **1.20.2 Subsequent Measurement**

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

#### **1.20.3 Impairment and uncollectability of statutory receivables**

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.20.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

### 1.21 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

### 1.22 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

### 1.23 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

### 1.24 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

### 1.25 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.26 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 1.27 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

#### 1.27.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

##### 1.27.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

##### 1.27.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

##### 1.27.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment.

##### 1.27.1.4 *Insurance Refund*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.27.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

### 1.27.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

### 1.27.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

### 1.27.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

## 1.27.2 **Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

### 1.27.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

### 1.27.2.2 *Interest earned*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.27.2.3 *Rental income*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

### 1.27.2.4 *Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

### 1.27.2.5 *Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

### 1.27.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 1.27.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

## 1.28 **BORROWING COSTS**

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.29 SERVICE-CONCESSION ARRANGEMENT

The Municipality has used the principles of GRAP 32 – Service concession arrangements: Grantor to formulate its accounting policy.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which:

- (a) the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time; and
- (b) the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- (a) is provided by the operator which:
  - (i) the operator constructs, develops, or acquires from a third party; or
  - (ii) is an existing asset of the operator; or
- (b) is provided by the grantor which:
  - (i) is an existing asset of the grantor; or
  - (ii) is an upgrade to an existing asset of the grantor.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset. West Coast District Municipality (WCDM) acts as the operator in the service-concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator. The Municipality acts at the grantor in the service-concession arrangement with the WCDM.

When the Municipality enters into the service-concession arrangement, it determines whether it is party to the arrangement and assesses whether it is the grantor or the operator in accounting for revenue, expenses, assets and/or liabilities that results from the arrangement.

The Municipality recognises assets and liabilities arising from service concession arrangement in accordance with the requirements of the Standards of GRAP.

### 1.29 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.30 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.31 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

### 1.33 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### 1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### 1.35 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### 1.36.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

#### 1.36.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### 1.36.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

#### 1.36.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

#### 1.36.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### **1.36.6 Provisions and Contingent Liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

### **1.36.7 Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

### **1.36.8 Revenue Recognition**

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2

### CASH AND CASH EQUIVALENTS

Bank Accounts	64 569 543	71 494 389
Call Investment Deposits	6 852 211	6 425 225
Cash Floats	16 350	16 350

<b>Total</b>	<b>71 438 105</b>	<b>77 935 964</b>
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Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	653 962	199 470
Unspent Borrowings	612 304	1 604 146
Capital Replacement Reserve	30 848 500	24 891 500
Cash portion of Housing Development Fund	260 572	303 919
Taxes	-	340 103
Working Capital Requirements	39 062 766	50 596 826
<b>Total Cash and Cash Equivalents</b>	<b>71 438 105</b>	<b>77 935 964</b>

#### Bank Accounts

ABSA Bank Limited - Account number 11-8056-0153 (Primary Bank Account)	9 981 571	71 478 830
ABSA Bank Limited - Account number 91-2510-9603 (Traffic Account)	70 843	15 559
Nedbank Limited - Account number 11-6976-1380 (Primary Bank Account)	54 340 183	-
Nedbank Limited - Account number 11-6976-1402 (Traffic Account)	176 946	-

<b>Total</b>	<b>64 569 543</b>	<b>71 494 389</b>
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Bank accounts consists out of the following accounts:

#### **ABSA Bank Limited - Account number 11-8056-0153 (Primary Bank Account)**

Cash book balance at beginning of year	71 478 830	76 036 250
Cash book balance at end of year	9 981 571	71 478 830
Bank statement balance at beginning of year	70 986 808	74 863 003
Bank statement balance at end of year	9 981 571	70 986 808

#### **ABSA Bank Limited - Account number 91-2510-9603 (Traffic Account)**

Cash book balance at beginning of year	15 559	14 749
Cash book balance at end of year	70 843	15 559
Bank statement balance at beginning of year	15 559	14 749
Bank statement balance at end of year	70 843	15 559

#### **Nedbank Limited - Account number 11-6976-1380 (Primary Bank Account)**

Cash book balance at beginning of year	-	-
Cash book balance at end of year	54 340 183	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	53 875 457	-

#### **Nedbank Limited - Account number 11-6976-1402 (Traffic Account)**

Cash book balance at beginning of year	-	-
Cash book balance at end of year	176 946	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	176 946	-

#### Call Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA - Cash Account - Account Number 92-9651-1113	6 852 212	6 425 225
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# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

#### Service Receivables

Electricity	22 085 190	17 353 259
Water	13 980 471	11 420 819
Refuse	20 077 632	18 075 256
Sewerage	13 022 006	11 792 255
Other	13 137 776	5 819 383
<b>Total Gross Balance</b>	<b>82 303 076</b>	<b>64 460 972</b>
Less: Allowance for Debt Impairment	(31 889 007)	(28 284 631)
<b>Total Net Receivable</b>	<b>50 414 069</b>	<b>36 176 342</b>
As previously reported		52 726 630
Correction of error restatement - note 42.1		(16 550 289)
Restated balance		36 176 342

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Other Service Receivables mainly includes the interest component levied on outstanding debtors accounts.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	28 284 631	21 941 006
Movement in the contribution to the provision	8 205 566	7 230 434
Bad Debts Written off	(4 601 190)	(886 810)
<b>Balance at the end of the year</b>	<b>31 889 007</b>	<b>28 284 631</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2019</b>			
<b>Service Receivables</b>			
Electricity	22 085 190	(2 348 599)	19 736 591
Water	13 980 471	(6 949 004)	7 031 467
Refuse	20 077 632	(10 150 479)	9 927 153
Sewerage	13 022 006	(6 143 718)	6 878 288
Other	13 137 776	(6 297 206)	6 840 570
<b>Total</b>	<b>82 303 076</b>	<b>(31 889 007)</b>	<b>50 414 069</b>
<b>30 June 2018</b>			
<b>Service Receivables</b>			
Electricity	17 353 259	(2 060 956)	15 292 304
Water	11 420 819	(6 279 374)	5 141 445
Refuse	18 075 256	(9 902 207)	8 173 049
Sewerage	11 792 255	(6 115 108)	5 677 146
Other	5 819 383	(3 926 985)	1 892 398
<b>Total</b>	<b>64 460 972</b>	<b>(28 284 631)</b>	<b>36 176 342</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing of Receivables from Exchange Transactions

##### Electricity

Current (0 - 30 days)	12 636 560	9 077 005
Past Due (31 - 60 Days)	1 337 880	860 987
Past Due (61 - 90 Days)	560 037	559 479
Past Due (90 Days +)	7 550 713	6 855 788
<b>Total</b>	<b>22 085 190</b>	<b>17 353 259</b>

##### Water

Current (0 - 30 days)	2 489 571	2 051 082
Past Due (31 - 60 Days)	1 320 934	782 030
Past Due (61 - 90 Days)	660 841	548 197
Past Due (90 Days +)	9 509 125	8 039 511
<b>Total</b>	<b>13 980 471</b>	<b>11 420 819</b>

##### Refuse

Current (0 - 30 days)	1 939 048	1 810 777
Past Due (31 - 60 Days)	1 093 694	963 807
Past Due (61 - 90 Days)	719 848	710 258
Past Due (90 Days +)	16 325 041	14 590 413
<b>Total</b>	<b>20 077 632</b>	<b>18 075 256</b>

##### Sewerage

Current (0 - 30 days)	1 163 105	1 114 878
Past Due (31 - 60 Days)	691 657	621 751
Past Due (61 - 90 Days)	465 895	479 366
Past Due (90 Days +)	10 701 350	9 576 260
<b>Total</b>	<b>13 022 006</b>	<b>11 792 255</b>

##### Other

Current (0 - 30 days)	1 980 314	1 139 887
Past Due (31 - 60 Days)	848 721	528 960
Past Due (61 - 90 Days)	835 279	505 170
Past Due (90 Days +)	9 473 462	3 645 366
<b>Total</b>	<b>13 137 776</b>	<b>5 819 383</b>

#### Summary Ageing of all Receivables from Exchange Transactions

Current (0 - 30 days)	20 208 598	15 193 628
Past Due (31 - 60 Days)	5 292 886	3 757 535
Past Due (61 - 90 Days)	3 241 900	2 802 471
Past Due (90 Days +)	53 559 692	42 707 339
<b>Total</b>	<b>82 303 076</b>	<b>64 460 972</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

4

### RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

#### Service Receivables

Property Rates

39 264 634

38 831 996

#### Other Receivables

16 659 519

23 760 793

Unpaid Traffic Fines

12 296 910

19 169 810

Suspense Debtors

3 697 480

2 832 664

Unpaid Grants

140 694

113 815

Department of Human Settlements

-

1 436 010

Wittewater Infrastructure Project

271 458

208 494

Goedverwacht Infrastructure Project

252 977

-

#### Total Gross Balance

55 924 152

62 592 789

Less: Allowance for Debt Impairment

(25 480 055)

(31 067 113)

#### Total Net Receivable

30 444 097

31 525 676

As previously reported

34 372 736

Correction of error restatement - note 42.1

(2 847 060)

Restated balance

31 525 676

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

31 067 113

22 167 060

Movement in the contribution to the provision

8 372 713

9 166 450

Bad Debts Written off

(13 959 772)

(266 397)

Balance at the end of the year

25 480 055

31 067 113

The Allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2019</b>			
<b>Service Receivables</b>			
Property Rates	39 264 634	(14 149 245)	25 115 388
<b>Other Receivables</b>			
Unpaid Traffic Fines	12 296 910	(11 330 810)	966 100
Suspense Debtors	3 697 480	-	3 697 480
Unpaid Grants	140 694	-	140 694
Wittewater Infrastructure Project	271 458	-	271 458
Goedverwacht Infrastructure Project	252 977	-	252 977
<b>Total</b>	<b>55 924 152</b>	<b>(25 480 055)</b>	<b>30 444 097</b>
<b>30 June 2018</b>			
<b>Service Receivables</b>			
Property Rates	38 831 996	(12 666 935)	26 165 062
<b>Other Receivables</b>			
Unpaid Traffic Fines	19 169 810	(18 400 179)	769 631
Suspense Debtors	2 832 664	-	2 832 664
Unpaid Grants	113 815	-	113 815
Department of Human Settlements	1 436 010	-	1 436 010
Wittewater Infrastructure Project	208 494	-	208 494
<b>Total</b>	<b>62 592 789</b>	<b>(31 067 113)</b>	<b>31 525 676</b>



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing of Receivables from Non-Exchange Transactions

##### Property Rates

Current (0 - 30 days)	4 899 178	4 195 876
Past Due (31 - 60 Days)	1 804 835	1 470 258
Past Due (61 - 90 Days)	955 491	861 909
Past Due (90 Days +)	31 605 130	32 303 953
<b>Total</b>	<b>39 264 634</b>	<b>38 831 996</b>

### 5 TAXES

VAT Receivable/(Payable)	2 483 307	1 958 124
VAT Input in Suspense	842 118	(1 301 998)
VAT Output in Suspense - net	(1 486 306)	(996 229)
VAT Output in Suspense	(5 028 828)	(4 083 034)
Less: VAT on Allowance for Debt Impairment	3 542 521	3 086 805

**Total** **1 839 119** **(340 103)**

As previously reported		(3 051 217)
Correction of error restatement - note 42.1		1 838 311
Correction of error restatement - note 42.2		872 803
Restated balance		(340 103)

#### Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	3 086 805	2 002 914
Debt Impairment for current year	455 716	1 083 891
Balance at the end of the year	<b>3 542 521</b>	<b>3 086 805</b>

### 6 OPERATING LEASES

#### 6.1 OPERATING LEASE ASSET

**Operating Lease Asset** **23 146** **39 955**

The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.

#### Reconciliation of Operating Lease Asset

Balance at the beginning of the year	39 955	62 129
Movement during the year	(16 809)	(22 174)
Balance at the end of the year	<b>23 146</b>	<b>39 955</b>

#### The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	80 180	704 719
Between 1 and 5 Years	103 127	172 932
After 5 Years	-	10 375
Total operating lease payments	<b>183 307</b>	<b>888 027</b>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased. Escalation between 7% and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 6 OPERATING LEASES (CONTINUED)

#### 6.2 OPERATING LEASE LIABILITY

##### Operating Lease Liability

10 790

-

The operating lease liability is derived from contracts where the Municipality acts as the lessee in the agreement.

##### Reconciliation of Operating Lease Liability

Balance at the beginning of the year

-

-

Movement during the year

10 790

-

Balance at the end of the year

10 790

-

##### The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year

178 947

-

Between 1 and 5 Years

224 807

-

After 5 Years

-

-

Total operating lease payments

403 754

-

Operating leases consist out of the following leases:

- Lease of office space for a period of 36 months (ending August 2021) with an escalation of 7.5% per annum.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

### 7 LONG-TERM RECEIVABLES

Receivables with repayment arrangements

406 692

1 353 419

Individual Housing Loans

211 792

255 139

##### Sub-Total

618 484

1 608 558

Less: Current portion of Long-term Receivables

172 706

1 303 917

Receivables with repayment arrangements

172 706

1 146 917

Individual Housing Loans

-

157 000

##### Total

445 778

304 641

##### Receivables with repayment arrangements

Debtors amounting to R406 692 (2018 - R1 353 419) have arranged to settle their account over an re-negotiated period. Total payments to the value of R233 986 (2018 - R206 502) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

##### Individual Housing Loans

The loans were granted to facilitate housing schemes in the municipal area.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

	2019	2018
<b>8 INVENTORY</b>		
Fuel	218 180	482 687
Water	149 716	129 006
Spare Parts	1 879 084	2 406 756
Unsold Properties held for resale	83 254	83 254
<b>Total</b>	<b>2 330 233</b>	<b>3 101 703</b>

Inventory are disclosed at the lower of cost or net realisable value.

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	86 484	16 297
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Inventory recognised as an expense during the year

Fuel	4 173 382	3 471 657
Water	9 498 393	8 472 556
Spare parts	5 291 393	3 611 938
<b>Total</b>	<b>18 963 168</b>	<b>15 556 152</b>

## 9 INVESTMENT PROPERTY

Investment Property - Carrying Value	<b>16 231 461</b>	<b>15 546 452</b>
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As previously reported 12 929 873

Correction of error - note 42.3 2 616 579

Restated balance 15 546 452

The carrying value of Investment Property is reconciled as follows:

<b>Opening Carrying Value</b>	<b>15 546 452</b>	<b>15 657 836</b>
Cost	15 576 884	15 686 884
Accumulated Depreciation	(30 432)	(29 048)
Accumulated Impairment	-	-
Additions	35 652	-
Contributed Assets	700 000	-
Disposals	(50 000)	(110 000)
Depreciation	(643)	(1 384)
<b>Closing Carrying Value</b>	<b>16 231 461</b>	<b>15 546 452</b>
Cost	16 262 536	15 576 884
Accumulated Depreciation	(31 075)	(30 432)
Accumulated Impairment	-	-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	576 939	582 000
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No operating expenditure was incurred on investment property during the 2018/19 and 2017/18 financial year.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

			2019	2018
10	PROPERTY, PLANT AND EQUIPMENT			
		Cost R	Accumulated Depreciation R	Accumulated Impairment R
				Carrying Value R
	<b>30 June 2019</b>			
	Land and Buildings	71 338 611	(10 302 729)	-
	Infrastructure	331 414 641	(100 039 833)	-
	Community Assets	59 354 950	(20 873 753)	-
	Other Assets	54 465 723	(32 668 792)	-
	<b>Total</b>	<b>516 573 925</b>	<b>(163 885 107)</b>	<b>-</b>
	<b>30 June 2018</b>			
	Land and Buildings	69 683 692	(9 319 552)	-
	Infrastructure	306 130 753	(90 035 033)	-
	Leased Assets	-	-	-
	Community Assets	52 533 925	(19 084 376)	-
	Other Assets	50 255 835	(30 536 691)	-
	<b>Total</b>	<b>478 604 204</b>	<b>(148 975 651)</b>	<b>-</b>
	As previously reported			331 047 937
	Correction of error restatement - note 42.4			(1 419 384)
	Restated balance			329 628 553
	Repairs and Maintenance incurred on Property, Plant and Equipment		8 483 267	7 502 527
	It should be noted that the prior year balance of Repairs and maintenance has been restated.			
	In 2006 the Municipality entered into a service concession arrangement with the WCDM for an initial period on 10 years wherein the WCDM operates the Municipality's assets to provide bulk water to the Municipality to distribute to its consumers.			
	The agreement was subsequently extended three times until 30 June 2019. The other parties to this arrangement are Saldanha and Swartland municipalities which also appointed the WCDM as an operator.			
	The WCDM uses the bulk water services assets to provide water to the local municipalities and private users. In terms of the service level agreement the local municipalities determine a tariff, in consultation with the WCDM, that allows the WCDM to recover the costs the WCDM incurs in the provision of the bulk water services. The local municipalities also pay the WCDM an administrative fee of 10% of the operational costs which is also included in the tariff above.			
	The local municipalities recognise the costs recovered by the WCDM through the tariff as expenditure in their respective financial statements by its nature, as bulk purchases for water. The local municipalities also recognise all revenue earned from providing water to consumers, through monthly billing of the consumers, within their respective areas of jurisdiction.			
	The WCDM also provides water services to third parties and bills the third parties directly (farmers in remote areas and some big businesses). The provision of the water to these third parties is approved by the local municipalities when the tariff for the year is approved. The water provided to third parties by the WCDM is thus recognised in their books in line with GRAP 32.			
	Assets subject to service concession arrangement (Net carrying amount)		1 838 221	1 917 370

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>30 June 2019</b>												
<b>Land and Buildings</b>	<b>69 683 692</b>	<b>1 654 919</b>	-	-	-	<b>71 338 611</b>	<b>9 319 552</b>	<b>983 177</b>	-	-	<b>10 302 729</b>	<b>61 035 882</b>
Land	36 385 277	-	-	-	-	36 385 277	-	-	-	-	-	36 385 277
Buildings	32 049 883	45 764	-	-	-	32 095 648	9 319 552	983 177	-	-	10 302 729	21 792 919
Work in Progress	1 248 531	1 609 155	-	-	-	2 857 686	-	-	-	-	-	2 857 686
<b>Infrastructure</b>	<b>306 130 753</b>	<b>25 371 801</b>	<b>(87 913)</b>	-	-	<b>331 414 641</b>	<b>90 035 033</b>	<b>10 051 589</b>	-	<b>(46 789)</b>	<b>100 039 833</b>	<b>231 374 808</b>
Electrical	46 785 706	-	(8 956)	-	1 524 867	48 301 617	13 883 264	1 508 360	-	(1 025)	15 390 598	32 911 019
Roads	58 045 679	-	(78 957)	-	3 376 847	61 343 569	22 290 424	1 806 095	-	(45 764)	24 050 755	37 292 814
Sanitation	76 947 161	-	-	-	742 541	77 689 702	19 614 685	2 730 684	-	-	22 345 369	55 344 333
Solid Waste	9 742 088	-	-	-	693 031	10 435 119	5 554 509	463 757	-	-	6 018 266	4 416 853
Storm Water	13 137 846	-	-	-	609 181	13 747 027	5 405 474	307 673	-	-	5 713 148	8 033 879
Water Supply	80 678 674	-	-	-	1 052 635	81 731 309	23 286 677	3 235 019	-	-	26 521 697	55 209 612
Work in progress	20 793 601	25 371 801	-	-	(7 999 103)	38 166 298	-	-	-	-	-	38 166 298
<b>Leased Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>52 533 925</b>	<b>6 821 026</b>	-	-	-	<b>59 354 950</b>	<b>19 084 376</b>	<b>1 789 377</b>	-	-	<b>20 873 753</b>	<b>38 481 197</b>
Community Facilities	19 304 859	83 604	-	-	347 503	19 735 966	7 768 176	709 848	-	-	8 478 024	11 257 942
Sport and Recreational Facilities	28 258 105	845 799	-	-	5 504 120	34 608 023	11 316 200	1 079 529	-	-	12 395 729	22 212 295
Work in progress	4 970 961	5 891 623	-	-	(5 851 623)	5 010 961	-	-	-	-	-	5 010 961
<b>Other Assets</b>	<b>50 255 835</b>	<b>6 479 267</b>	<b>(2 269 379)</b>	-	-	<b>54 465 723</b>	<b>30 536 691</b>	<b>4 212 479</b>	-	<b>(2 080 378)</b>	<b>32 668 792</b>	<b>21 796 931</b>
Computer Equipment	3 819 947	969 406	(271 623)	-	-	4 517 730	2 401 296	537 115	-	(250 658)	2 687 754	1 829 977
Furniture and Office Equipment	10 363 117	1 189 566	(660 324)	-	-	10 892 359	6 211 525	1 133 003	-	(588 919)	6 755 608	4 136 751
Machinery and Equipment	17 996 613	329 000	(711 244)	-	-	17 614 369	10 541 428	1 417 865	-	(675 798)	11 283 495	6 330 874
Transport Assets	18 076 158	3 991 295	(626 188)	-	-	21 441 265	11 382 442	1 124 496	-	(565 002)	11 941 936	9 499 329
	<b>478 604 204</b>	<b>40 327 013</b>	<b>(2 357 292)</b>	-	-	<b>516 573 925</b>	<b>148 975 651</b>	<b>17 036 623</b>	-	<b>(2 127 167)</b>	<b>163 885 107</b>	<b>352 688 819</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>30 June 2018</b>												
<b>Land and Buildings</b>	<b>68 633 818</b>	<b>1 049 874</b>	-	-	-	<b>69 683 692</b>	<b>8 415 484</b>	<b>904 068</b>	-	-	<b>9 319 552</b>	<b>60 364 140</b>
Land	36 385 277	-	-	-	-	36 385 277	-	-	-	-	-	36 385 277
Buildings	29 737 089	1 049 874	-	-	1 262 921	32 049 883	8 415 484	904 068	-	-	9 319 552	22 730 332
Work in progress	2 511 453	-	-	-	(1 262 921)	1 248 531	-	-	-	-	-	1 248 531
<b>Infrastructure</b>	<b>283 695 318</b>	<b>22 442 436</b>	<b>(7 000)</b>	-	-	<b>306 130 753</b>	<b>79 820 963</b>	<b>10 220 621</b>	-	<b>(6 551)</b>	<b>90 035 033</b>	<b>216 095 721</b>
Electrical	46 737 513	-	-	-	48 193	46 785 706	12 272 137	1 611 127	-	-	13 883 264	32 902 442
Roads	54 265 470	-	-	-	3 780 209	58 045 679	20 542 110	1 748 314	-	-	22 290 424	35 755 254
Sanitation	76 511 204	-	-	-	435 957	76 947 161	16 848 576	2 766 109	-	-	19 614 685	57 332 476
Solid Waste	9 323 583	-	-	-	418 505	9 742 088	5 126 610	427 899	-	-	5 554 509	4 187 579
Storm Water	13 137 846	-	-	-	-	13 137 846	5 077 736	327 738	-	-	5 405 474	7 732 372
Water Supply	80 305 098	10 874	(7 000)	-	369 702	80 678 674	19 953 794	3 339 434	-	(6 551)	23 286 677	57 391 997
Work in progress	3 414 604	22 431 562	-	-	(5 052 565)	20 793 601	-	-	-	-	-	20 793 601
<b>Leased Assets</b>	<b>14 810</b>	-	<b>(14 810)</b>	-	-	-	<b>12 235</b>	<b>2 576</b>	-	<b>(14 811)</b>	-	-
Furniture and Office Equipment	14 810	-	(14 810)	-	-	-	12 235	2 576	-	(14 811)	-	-
<b>Community Assets</b>	<b>51 779 876</b>	<b>754 049</b>	-	-	-	<b>52 533 925</b>	<b>17 326 097</b>	<b>1 758 279</b>	-	-	<b>19 084 376</b>	<b>33 449 549</b>
Community Facilities	18 550 810	754 049	-	-	-	19 304 859	7 073 470	694 706	-	-	7 768 176	11 536 683
Sport and Recreational Facilities	28 258 105	-	-	-	-	28 258 105	10 252 627	1 063 573	-	-	11 316 200	16 941 905
Work in progress	4 970 961	-	-	-	-	4 970 961	-	-	-	-	-	4 970 961
<b>Other Assets</b>	<b>48 212 500</b>	<b>3 775 545</b>	<b>(3 625 792)</b>	<b>1 893 582</b>	-	<b>50 255 835</b>	<b>29 750 521</b>	<b>4 298 687</b>	-	<b>(3 512 517)</b>	<b>30 536 691</b>	<b>19 719 144</b>
Computer Equipment	3 740 049	281 423	(340 457)	138 932	-	3 819 947	2 221 914	507 233	-	(327 850)	2 401 296	1 418 650
Furniture and Office Equipment	11 233 687	667 467	(1 538 037)	-	-	10 363 117	6 502 906	1 192 915	-	(1 484 296)	6 211 525	4 151 592
Machinery and Equipment	18 215 716	597 967	(817 070)	-	-	17 996 613	9 782 195	1 546 889	-	(787 656)	10 541 428	7 455 185
Transport Assets	15 023 048	2 228 687	(930 227)	1 754 650	-	18 076 158	11 243 506	1 051 651	-	(912 715)	11 382 442	6 693 716
	<b>452 336 321</b>	<b>28 021 903</b>	<b>(3 647 602)</b>	<b>1 893 582</b>	-	<b>478 604 204</b>	<b>135 325 299</b>	<b>17 184 231</b>	-	<b>(3 533 879)</b>	<b>148 975 651</b>	<b>329 628 553</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 11 INTANGIBLE ASSETS

Intangible Assets - Carrying Value

4 560 660

4 292 597

The carrying value of intangible Assets is reconciled as follows:

#### Opening Carrying Value

4 292 597

3 236 318

Cost

3 028 566

3 022 959

Work in Progress

3 448 294

1 992 531

Accumulated Depreciation

(2 184 263)

(1 779 173)

Accumulated Impairment

-

-

Additions

-

5 607

Work in progress additions

652 174

1 455 762

Amortisation

(384 111)

(405 090)

Disposal

-

-

Cost

-

-

Accumulated Depreciation

-

-

#### Closing Carrying Value

4 560 660

4 292 597

Cost

3 028 566

3 028 566

Work in Progress

4 100 468

3 448 294

Accumulated Depreciation

(2 568 374)

(2 184 263)

Accumulated Impairment

-

-

Work in progress is included in the carrying value of Intangible Assets. No amortisation is recognised against these amounts. The work in progress balance mainly relates to the Phoenix (Vesta) Financial System in process of being implemented at the Municipality at year-end. This implementation is required to ensure compliance with the mSCOA regulations that came into effect 1 July 2017. Management expects that full implementation will be completed during 2019/20. Once fully implemented, the assets are considered ready for use in line with management's expectations.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

### 12 HERITAGE ASSETS

Heritage Assets - Carrying Value

454 012

454 012

The carrying value of Heritage Assets are reconciled as follows:

#### Opening Carrying Value

454 012

454 012

Cost

454 012

454 012

Accumulated Impairment

-

-

Movement

-

-

#### Closing Carrying Value

454 012

454 012

Cost

454 012

454 012

Accumulated Impairment

-

-

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

13

### CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value

22 163 937

22 821 531

The movement in capitalised restoration cost is reconciled as follows:

#### Opening Carrying Value

22 821 531

23 055 166

Cost

47 062 420

43 817 490

Accumulated Depreciation

(24 240 889)

(20 762 324)

Accumulated Impairments

-

-

Additions

3 415 458

3 244 930

Depreciation for the year

(3 990 574)

(3 478 564)

Disposals

(82 478)

-

#### Closing Carrying Value

22 163 937

22 821 531

Cost

50 395 400

47 062 420

Accumulated Depreciation

(28 231 463)

(24 240 889)

Accumulated Impairments

-

-

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 20 for more detail relating to this asset financed by way of a provision.

14

### LONG-TERM LIABILITIES

Annuity Loans

58 193 471

56 362 960

Less: Current portion

(5 145 106)

(5 119 513)

#### Total

53 048 364

51 243 447

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up

58 193 471

56 362 960

Used to finance Property, Plant and Equipment at cost

(57 581 166)

(54 758 814)

#### Unspent Borrowings

612 304

1 604 146

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 14 LONG-TERM LIABILITIES (CONTINUED)

#### Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA (61003131)	16.50%	2020/12/31	220 829	341 408
Nedbank (05/7831032282)	11.27%	2023/06/12	2 072 594	2 467 734
DBSA (61000757)	9.86%	2018/12/31	-	491 801
DBSA (61001029)	12.41%	2030/06/30	14 076 957	14 656 134
DBSA (61006811)	11.53%	2031/06/30	3 343 483	3 468 515
DBSA (61006837)	11.59%	2036/06/30	8 164 013	8 314 648
DBSA (61006975)	11.33%	2032/06/30	3 432 750	3 546 400
Standard Bank (252933753)	11.95%	2024/06/30	4 371 493	4 982 529
Standard Bank (252933737)	11.25%	2019/06/30	-	492 412
Standard Bank (410683566)	10.26%	2023/06/30	5 087 018	6 080 000
ABSA (3044794458)	9.99%	2021/06/30	197 809	282 973
ABSA (3044701437)	10.57%	2026/06/12	4 548 430	4 966 100
ABSA (3046456438)	10.12%	2027/06/30	5 214 478	5 618 154
ABSA (3046456399)	9.77%	2022/06/30	513 617	654 152
DBSA (61007572)	9.28%	2029/06/29	5 850 000	-
DBSA (61007573)	8.90%	2024/06/30	1 100 000	-
Total			<b>58 193 471</b>	<b>56 362 960</b>

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	11 673 958	11 514 728
Payable within two to five years	43 024 667	40 987 162
Payable after five years	44 911 852	47 980 158
<b>Total amount payable</b>	<b>99 610 477</b>	<b>100 482 048</b>
Less: Outstanding Future Finance Charges	(41 417 006)	(44 119 088)
<b>Present value of annuity loans</b>	<b>58 193 471</b>	<b>56 362 960</b>

### 15 CONSUMER DEPOSITS

Water and Electricity Deposits

3 664 884

3 464 470

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

*Figures in Rand*

2019

2018

### 16 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	4 167 921	9 517 526
Retentions	700 779	494 203
Payments Received in Advance	3 941 664	3 654 676
Unused Pre-paid Electricity	678 152	599 704
Sundry Creditors	963 684	962 307
Sundry Deposits	1 002 860	1 500 857
Accrued Interest	3 511	-
Unknown Receipts	3 149 636	3 963 609
Goedverwacht Infrastructure Project	-	852 929
Department of Human Settlements	1 432 415	-
<b>Total</b>	<b>16 040 621</b>	<b>21 545 811</b>

As previously reported

21 997 944

Correction of error restatement - note 42.5

(452 133)

Restated balance

21 545 811

Payables are being recognised net of any discounts received.

The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

### 17 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	-	-
Provincial Government	653 962	93 947
Other Grant Providers	-	105 523
<b>Total</b>	<b>653 962</b>	<b>199 470</b>

Detail reconciliations of all grants received and grant conditions met are included in note 23.

Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

### 18 CURRENT EMPLOYEE BENEFITS

Bonuses	3 229 287	2 839 723
Staff Leave	6 673 518	5 940 989
Performance Bonuses	294 692	256 294
Current portion of Non-Current Employee Benefits - note 19	2 360 418	1 923 665
Post Retirement Medical Benefits	1 348 415	1 370 475
Long Service Awards	1 012 003	553 190
<b>Total</b>	<b>12 557 915</b>	<b>10 960 671</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 18 CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current employee benefits are reconciled as follows:

#### Bonuses

Opening Balance	2 839 723	2 683 906
Contribution during the year	5 732 029	5 212 918
Payments made	(5 342 465)	(5 057 101)
Balance at the end of the year	<b>3 229 287</b>	<b>2 839 723</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

#### Staff Leave

Opening Balance	5 940 989	5 538 336
Contribution during the year	1 344 927	1 000 070
Payments made	(612 398)	(597 417)
Balance at the end of the year	<b>6 673 518</b>	<b>5 940 989</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### Performance Bonuses

Opening Balance	256 294	-
Contribution during the year	294 692	289 297
Payments made	(256 294)	(33 003)
Balance at the end of the year	<b>294 692</b>	<b>256 294</b>

Performance bonuses are being paid to the Chief Financial Officer and Director Community Services after an evaluation of performance by the council.

### 19 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	34 080 827	36 122 084
Long Service Awards	6 252 795	5 579 123
<b>Sub-Total</b>	<b>40 333 622</b>	<b>41 701 207</b>
Less: Current portion of Employee Benefits	<b>2 360 418</b>	<b>1 923 665</b>
Post Retirement Medical Benefits	1 348 415	1 370 475
Long Service Awards	1 012 003	553 190
<b>Total</b>	<b>37 973 204</b>	<b>39 777 542</b>

#### 19.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	36 122 084	37 121 419
Contribution during the year	5 097 128	5 417 470
Current Service Cost	1 697 230	1 873 355
Interest Cost	3 399 898	3 544 115
Payments made	(1 315 781)	(1 308 827)
Actuarial Loss/(Gain)	(5 822 604)	(5 107 978)
Total balance at year-end	34 080 827	36 122 084
Less: Current portion	(1 348 415)	(1 370 475)
<b>Total</b>	<b>32 732 412</b>	<b>34 751 609</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	176	162
In-service non-members	202	227
Continuation members	29	31
<b>Total</b>	<b>407</b>	<b>420</b>

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2019	13 491 716	2 677 741	17 911 370	34 080 827
30 June 2018	14 692 550	4 440 963	16 988 570	36 122 084
30 June 2017	15 311 846	4 632 412	17 177 161	37 121 419
30 June 2016	19 070 202	4 091 768	15 424 752	38 586 722
30 June 2015	17 257 080	3 886 021	12 678 134	33 821 235

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2019	(1 129 000)	-
30 June 2018	(2 318 000)	-
30 June 2017	(727 000)	-
30 June 2016	773 000	-
30 June 2015	448 000	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas  
LA Health  
Hosmed  
Samwumed  
Keyhealth

Key Actuarial Assumptions used are as follows:

#### i) Interest Rates

Discount rate	9.45%	9.59%
Health Care Cost Inflation Rate	6.88%	7.38%
Net Effective Discount Rate	2.40%	2.06%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

#### iii) Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2018 - 63), which then implicitly allows for expected rates of early and ill-health retirement.

#### iv) Last Valuation

The last valuation was performed on 22 July 2019.

#### v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	16 169 457	17 911 370	34 080 827	
Health care inflation ( + 1% )	19 876 000	19 962 000	39 838 000	17%
Health care inflation ( - 1% )	13 283 000	16 176 000	29 459 000	-14%
Discount rate ( + 1% )	13 365 000	16 228 000	29 593 000	-13%
Discount rate ( - 1% )	19 816 000	19 929 000	39 745 000	17%
Post-retirement mortality ( - 1 year )	16 647 000	18 500 000	35 147 000	3%
Average retirement age ( - 1 year )	17 812 000	17 911 000	35 723 000	5%
Continuation of membership after retirement ( - 10% )	12 585 000	17 911 000	30 496 000	-11%

#### Sensitivity Analysis - Future Service and Interest Cost (Current Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2018/19	1 697 230	3 399 898	5 097 128	
Health care inflation ( + 1% )	2 133 900	3 985 600	6 119 500	20%
Health care inflation ( - 1% )	1 360 100	2 926 700	4 286 800	-16%
Discount rate ( + 1% )	1 381 200	3 245 400	4 626 600	-9%
Discount rate ( - 1% )	2 109 000	3 563 600	5 672 600	11%
Post-retirement mortality ( - 1 year )	1 751 100	3 515 000	5 266 100	3%
Average retirement age ( - 1 year )	1 904 100	3 588 800	5 492 900	8%
Continuation of membership after retirement ( - 10% )	1 380 600	3 073 000	4 453 600	-13%

#### Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2019/20	1 559 100	3 158 400	4 717 500	
Health care inflation ( + 1% )	1 962 900	3 702 100	5 665 000	20%
Health care inflation ( - 1% )	1 250 800	2 721 800	3 972 600	-16%
Discount rate ( + 1% )	1 271 100	3 023 800	4 294 900	-9%
Discount rate ( - 1% )	1 938 400	3 302 600	5 241 000	11%
Post-retirement mortality ( - 1 year )	1 605 000	3 259 100	4 864 100	3%
Average retirement age ( - 1 year )	1 750 800	3 313 600	5 064 400	7%
Continuation of membership after retirement ( - 10% )	1 220 000	2 819 700	4 039 700	-14%

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

#### 19.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	5 579 123	5 116 747
Contribution during the year	932 462	874 596
Current Service Cost	474 360	448 678
Interest Cost	458 102	425 918
Payments made	(554 200)	(259 377)
Actuarial Loss/(Gain)	295 409	(152 843)
Total balance at year-end	<b>6 252 795</b>	<b>5 579 123</b>
Less: Current portion	(1 012 003)	(553 190)
<b>Total</b>	<b>5 240 792</b>	<b>5 025 933</b>

The Long Service Awards plans are defined benefit plans.

Number of employees that are eligible for Long Service Awards	378	372
---	-----	-----

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

Unfunded Liability  
R

30 June 2019	6 252 795
30 June 2018	5 579 123
30 June 2017	5 116 747
30 June 2016	5 071 550
30 June 2015	4 981 620

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2019	275 911	-
30 June 2018	(64 378)	-
30 June 2017	(190 643)	-
30 June 2016	(128 533)	-
30 June 2015	310 047	-

Key Actuarial Assumptions used are as follows:

#### i) Interest Rates

Discount rate	8.22%	8.63%
General Salary Inflation (long-term)	5.60%	6.22%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.48%	2.27%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### ii) Last Valuation

The last valuation was performed on 22 July 2019.

#### iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation ( + 1%)	6 252 795	6 680 000	7%
General salary inflation ( - 1% )	6 252 795	5 869 000	-6%
Discount rate ( + 1% )	6 252 795	5 854 000	-6%
Discount rate ( - 1% )	6 252 795	6 705 000	7%
Average retirement age ( - 2 years )	6 252 795	5 423 000	-13%
Average retirement age ( + 2 years )	6 252 795	7 059 000	13%
Withdrawal rates ( - 50% )	6 252 795	7 168 000	15%

#### Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2019/20	560 400	473 200	1 033 600	
General salary inflation ( + 1%)	613 500	508 300	1 121 800	9%
General salary inflation ( - 1% )	513 900	441 700	955 600	-8%
Discount rate ( + 1% )	517 400	494 100	1 011 500	-2%
Discount rate ( - 1% )	610 100	448 200	1 058 300	2%
Average retirement age ( - 2 years )	496 400	405 000	901 400	-13%
Average retirement age ( + 2 years )	621 800	539 500	1 161 300	12%
Withdrawal rates ( - 50% )	695 200	548 400	1 243 600	20%

### 19.3 Other Pension Benefits

#### Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund) 743 285 644 194

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund is in a sound financial position with a funding level of 103.7% (30 June 2017 - 102.6%).

Consolidated Retirement Fund (Former Cape Retirement Fund) 9 719 064 8 877 089

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2016 - 100.6%).

**Total** **10 462 350** **9 521 283**

Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 19 EMPLOYEE BENEFITS (CONTINUED)

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

#### Defined Contribution Plans

Council contributes to the following defined contribution plans:

Municipal Councillors Pension Fund	147 096	184 529
SAMWU National Provident Fund	2 040 453	1 995 513
<b>Total</b>	<b>2 187 549</b>	<b>2 180 042</b>

The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

### 20 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	<b>72 845 226</b>	<b>66 402 063</b>
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	66 402 063	60 730 406
Contribution during the year	6 443 163	5 829 537
Increase/(Decrease) in estimate	3 332 980	3 244 930
Interest Cost	3 110 183	2 584 607
Expenditure incurred	-	(157 880)
<b>Total</b>	<b>72 845 226</b>	<b>66 402 063</b>

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions	Estimated Decommission Date	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Porterville	55 022m <sup>2</sup>	2025	30 532 714	27 615 477
Piketberg	57 000m <sup>2</sup>	2025	33 976 815	30 875 606
Aurora	7 370m <sup>2</sup>	2025	5 688 409	5 294 243
Redelinghuys	1 340m <sup>2</sup>	2025	2 647 288	2 616 738
<b>Total</b>			<b>72 845 226</b>	<b>66 402 063</b>

Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Porterville	2025	37 976 551	36 462 558
Piketberg	2025	42 260 320	40 767 125
Aurora	2025	7 075 236	6 990 342
Redelinghuys	2025	3 292 693	3 455 053
<b>Total</b>		<b>90 604 800</b>	<b>87 675 079</b>



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>	2019	2018
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### 21 RESERVES

Capital Replacement Reserve	30 848 500	24 891 500
Housing Development Fund	260 572	303 919
<b>Total</b>	<b>31 109 072</b>	<b>25 195 419</b>

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

### 22 PROPERTY RATES

Rateable Land and Buildings	67 799 813	62 606 570
<b>Total</b>	<b>67 799 813</b>	<b>62 606 570</b>

#### Property rate levied are based on the following rateable valuations:

Residential Property	5 759 848 720	4 395 496 000
Commercial Property	808 362 000	835 575 000
Industrial Property	323 098 000	-
Institutional	313 859 600	-
Agricultural Purposes	5 231 312 800	3 194 598 200
State - National/ Provincial Services	600 000	-
Public Service Infrastructure	1 240 500	4 685 000
Religious	3 380 000	400 000
Municipal Property	104 859 500	70 000
<b>Total Valuation</b>	<b>12 546 561 120</b>	<b>8 430 824 200</b>

#### Rate that is applicable to the valuations above:

Residential	0.891c/R	1.114c/R
Commercial/Industrial	0.980c/R	1.225c/R
Agricultural	0.178c/R	0.279c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 23 GOVERNMENT GRANTS AND SUBSIDIES

#### Unconditional Grants - National Government

41 390 000

37 144 000

Equitable Share

41 390 000

37 144 000

#### Conditional Grants - National Government

25 717 000

18 249 485

Finance Management Grant (FMG)

1 550 000

1 550 000

Municipal Infrastructure Grant (MIG)

19 754 000

14 727 000

Expanded Public Works Programme (EPWP)

1 413 000

1 601 000

Integrated National Electrification Programme (INEP)

3 000 000

371 484

#### Conditional Grants - Provincial Government

8 477 715

7 968 594

CDW Contribution

-

-

Western Cape Financial Management Support Grant

690 000

330 000

Proclaimed Roads

92 730

75 594

Regional Socio - Economic Project/Violence Prevention through Urban Upgrading

1 000 000

1 000 000

Library Services

6 694 985

6 343 000

Financial Management Capacity Building Grant

-

220 000

Local Government Graduate Internship Allocation

-

-

#### Conditional Grants - Other Grant Providers

955 493

387 858

Heist op den Berg

766 678

333 358

Chieta

188 815

-

LG Seta

-

54 500

#### Total

76 540 208

63 749 937

Disclosed as:

Government Grants and Subsidies - Operating

56 025 405

48 799 496

Government Grants and Subsidies - Capital

20 514 803

14 950 441

#### Total

76 540 208

63 749 937

Grants per Vote (MFMA Sec 123 (c)):

Equitable Share

41 390 000

37 144 000

Vote 1 - Municipal Manager

-

-

Vote 2 - Finance

2 240 000

2 100 000

Vote 3 - Corporate Services

1 188 816

1 054 500

Vote 4 - Technical Services

25 026 408

17 108 436

Vote 5 - Community Services

6 694 985

6 343 001

#### Total

76 540 208

63 749 937

The movements per grant can be summarised as follows:

#### 23.01 Equitable Share

Opening Unspent Balance

-

-

Grants Received

41 390 000

37 144 000

Transferred to Revenue - Operating

(41 390 000)

(37 144 000)

Transferred to Revenue - Capital

-

-

Other Movements

-

-

Closing Unspent Balance

-

-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

**Figures in Rand**

**2019**

**2018**

### 23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

#### 23.02 Finance Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received	1 550 000	1 550 000
Transferred to Revenue - Operating	(897 826)	(800 000)
Transferred to Revenue - Capital	(652 174)	(750 000)
Other Movements	-	-
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial

#### 23.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	-	-
Grants Received	19 754 000	14 727 000
Transferred to Revenue - Operating	(3 951 356)	(2 431 473)
Transferred to Revenue - Capital	(15 802 644)	(12 295 527)
Other Movements	-	-
Closing Unspent Balance	-	-

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

#### 23.04 Expanded Public Works Programme (EPWP)

Opening Unspent Balance	-	-
Grants Received	1 413 000	1 601 000
Transferred to Revenue - Operating	(1 413 000)	(1 601 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

#### 23.05 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	-	371 484
Grants Received	3 000 000	-
Transferred to Revenue - Operating	-	(46 045)
Transferred to Revenue - Capital	(3 000 000)	(325 439)
Other Movements	-	-
Closing Unspent Balance	-	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

#### 23.06 CDW Contribution

Opening Unspent Balance	13 947	13 947
Grants received	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	13 947	13 947

The CDW Contribution was used to finance the activities of Community Development Workers.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

#### 23.07 Western Cape Financial Management Support Grant

Opening Unspent Balance	-	-
Grants received	690 000	330 000
Transferred to Revenue - Operating	(690 000)	(40 525)
Transferred to Revenue - Capital	-	(289 475)
Other Movements	-	-
Closing Unspent Balance	-	-

The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain databases cleansing, risk management and internal audit services.

#### 23.08 Proclaimed Roads

Opening Unspent Balance	-	-
Grants received	92 730	75 594
Transferred to Revenue - Operating	(92 730)	(75 594)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The grant was used for maintenance of provincial roads.

#### 23.09 Regional Socio - Economic Project/Violence Prevention through Urban Upgrading

Opening Unspent Balance	-	-
Grants received	1 000 000	1 000 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(1 000 000)	(1 000 000)
Other Movements	-	-
Closing Unspent Balance	-	-

The grant was utilised for the extension of Calendula street.

#### 23.10 Library Services

Opening Unspent Balance	-	-
Grants Received	7 255 000	6 343 000
Transferred to Revenue - Operating	(6 635 000)	(6 053 000)
Transferred to Revenue - Capital	(59 985)	(290 000)
Other Movements	-	-
Closing Unspent Balance	560 015	-

The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.

#### 23.11 Financial Management Capacity Building Grant

Opening Unspent Balance	20 000	-
Grants Received	-	240 000
Transferred to Revenue - Operating	-	(220 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	20 000	20 000

The purpose of the grant is to develop financial human capacity within the municipal areas to enable sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

*Figures in Rand*

2019

2018

### 23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

#### 23.12 Local Government Graduate Internship Allocation

Opening Unspent Balance	60 000	60 000
Grants Received	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	60 000	60 000

This grant will be utilised for the recruitment of interns.

#### 23.13 Heist op den Berg

Opening Unspent Balance	105 523	-
Grants Received	634 275	438 882
Transferred to Revenue - Operating	(766 678)	(333 358)
Transferred to Revenue - Capital	-	-
Other Movements	26 880	-
Closing Unspent Balance	-	105 523

This grant is federal government funding from Belgium for solid waste management.

#### 23.14 Chieta

Opening Unspent Balance	-	-
Grants Received	188 815	-
Transferred to Revenue - Operating	(188 815)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

This grant is for the training and development of municipal officials

#### 23.15 LG Seta

Opening Unspent Balance	-	-
Grants Received	-	54 500
Transferred to Revenue - Operating	-	(54 500)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

This grant is for the training and development of municipal officials

#### 23.16 Total Grants

Opening Unspent Balance	199 470	445 431
Grants Received	76 967 821	63 503 975
Transferred to Revenue - Operating	(56 025 405)	(48 799 496)
Transferred to Revenue - Capital	(20 514 803)	(14 950 441)
Other Movements	26 880	-
Closing Unspent Balance	653 963	199 470

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>	2019	2018
------------------------	------	------

### 24 CONTRIBUTED ASSETS

Fire Truck	-	1 754 650
Computer Equipment	-	138 932
Land	700 000	-
<b>Total</b>	<b>700 000</b>	<b>1 893 582</b>

The land was obtained through a court order of property previously transferred from the Municipality. The buyer did not adhere to the requirements as per the sale agreement and accordingly the land was transferred back to the Municipality at market value.

The fire truck for the Municipality and computer equipment for a library was sponsored by Western Cape Provincial Government.

### 25 FINES, PENALTIES AND FORFEITS

Traffic Fines	7 618 950	6 472 330
Library Fines	22 045	24 159
Illegal Connections	79 715	204 273
Unclaimed Money	2 214 152	397 509
<b>Total</b>	<b>9 934 861</b>	<b>7 098 271</b>

In terms of the requirements of GRAP 23 and IGRAP 1, all traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.

### 26 ACTUARIAL GAINS

Post Retirement Medical Benefits	5 822 604	5 107 978
Long Service Awards	-	152 843
<b>Total</b>	<b>5 822 604</b>	<b>5 260 821</b>

### 27 SERVICE CHARGES

Electricity	102 494 664	95 252 049
Water	26 256 263	20 911 329
Refuse Removal	25 734 343	23 617 359
Sewerage and Sanitation	15 830 493	14 642 921
<b>Total Revenue</b>	<b>170 315 762</b>	<b>154 423 658</b>
Less: Rebates	(9 684 692)	(8 799 583)
Electricity	(373 211)	(749 743)
Water	(1 908 529)	(1 602 395)
Refuse Removal	(4 448 551)	(3 875 234)
Sewerage and Sanitation	(2 954 401)	(2 572 211)
<b>Total</b>	<b>160 631 071</b>	<b>145 624 075</b>

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>		2019	2018
<b>28</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
	Halls	143 606	143 525
	Camping and Entrance Fees	4 414 372	4 201 430
	Commonage	576 939	582 000
	Hawker Stalls	145 842	102 215
	Land and Buildings	549 641	290 320
	<b>Total</b>	<b>5 830 400</b>	<b>5 319 490</b>
<b>29</b>	<b>AGENCY SERVICES</b>		
	Drivers Licences	1 114 062	1 152 956
	Motor Vehicle Registration	2 719 058	2 468 579
	Roadworthy Certificates	479 476	394 964
	<b>Total</b>	<b>4 312 596</b>	<b>4 016 499</b>
<b>30</b>	<b>OTHER INCOME</b>		
	Building Plan Approval	1 025 181	1 192 907
	Cemetery and Burial	322 620	350 021
	Cleaning and Removal	80 252	114 547
	Clearance and Valuation Certificates	242 725	210 500
	Commission	70 431	57 309
	Development Charges	119 477	188 137
	Photocopies and Faxes	49 077	50 804
	Sub-division and Consolidation Fees	218 682	115 744
	Sundry Income	182 628	273 457
	<b>Total</b>	<b>2 311 072</b>	<b>2 553 426</b>
<b>31</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Basic Salaries and Wages	79 170 666	71 087 583
	Pension and UIF Contributions	12 963 003	11 962 404
	Medical Aid Contributions	5 135 442	4 502 743
	Overtime	5 009 016	4 340 301
	Motor Vehicle Allowance	4 115 512	4 096 285
	Housing Allowances	1 189 940	1 167 968
	Other benefits and allowances	5 518 451	4 980 912
	Acting Allowance	844 322	654 343
	Bargaining Council Levy	41 361	40 791
	Group Life Insurance	1 269 574	1 149 516
	Standby Allowance	3 054 798	2 898 457
	Sundry Allowances	308 395	237 805
	Contributions to Employee Benefits	9 543 238	8 824 318
	Bonuses	5 732 029	5 212 918
	Staff Leave	1 344 927	1 000 070
	Performance Bonuses	294 692	289 297
	Long Service Awards	474 360	448 678
	Post Retirement Medical Benefits	1 697 230	1 873 355
	Workmen's Compensation Fund	616 001	618 314
	<b>Total</b>	<b>123 261 269</b>	<b>111 580 828</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 31 EMPLOYEE RELATED COSTS (CONTINUED)

#### Remuneration of Management Personnel

Key management personnel are all appointed on a permanent basis, except for the Municipal Manager who is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract periods.

#### Municipal Manager - Adv H Linde

Annual Remuneration	1 259 618	1 194 477
Travelling Allowance	128 400	120 000
Contributions to UIF, Medical and Pension Funds	297 290	261 884
<b>Total</b>	<b>1 685 308</b>	<b>1 576 361</b>

#### Director: Corporate Services - Mr JWA Kotzee

Annual Remuneration	780 019	728 259
Travelling Allowance	210 000	180 000
Contributions to UIF, Medical and Pension Funds	193 189	182 677
Housing Subsidy	115 865	123 224
<b>Total</b>	<b>1 299 073</b>	<b>1 214 160</b>

#### Director: Technical Services - Mr H Krohn

Annual Remuneration	833 587	777 255
Travelling Allowance	102 720	96 000
Contributions to UIF, Medical and Pension Funds	204 617	191 100
Housing Subsidy	142 126	132 828
Service Bonus	46 383	43 349
<b>Total</b>	<b>1 329 432</b>	<b>1 240 531</b>

#### Chief Financial Officer - Mr GJ Goliath (resigned November 2018)

Annual Remuneration	335 110	761 352
Travelling Allowance	50 000	120 000
Performance Bonus	139 797	33 002
	53 295	-
Contributions to UIF, Medical and Pension Funds	53 569	117 196
<b>Total</b>	<b>631 771</b>	<b>1 031 550</b>

#### Director: Community Services - Mr DA Josephus (appointed 1 September 2017)

Annual Remuneration	669 852	531 174
Travelling Allowance	156 004	130 004
Contributions to UIF, Medical and Pension Funds	127 185	109 211
Service Bonus	48 754	38 547
Performance Bonus	116 497	-
Housing Subsidy	50 676	23 189
<b>Total</b>	<b>1 168 968</b>	<b>832 123</b>

#### Chief Financial Officer - Mr M Wüst (appointed 01 January 2019)

Annual Remuneration	421 587	-
Travelling Allowance	96 046	-
Performance Bonus	-	-
Contributions to UIF, Medical and Pension Funds	8 603	-
<b>Total</b>	<b>526 235</b>	<b>-</b>



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

32

### REMUNERATION OF COUNCILLORS

	2019	2018
Cllr JC Botha	302 752	9 403.27
Ald RM van Rooy	855 042	637 735.98
Ald SM Crafford	701 249	677 531.04
Ald EB Manuel - terminated May 2018	-	757 893.93
Ald A de Vries	703 000	677 531.04
Cllr SR Claassen - terminated October 2018	121 347	364 041.96
Ald SIJ Smit	335 268	292 677.02
Cllr J Daniels - elected August 2016	638 497	292 677.02
Cllr AJ Du Plooy - elected August 2016	645 952	352 147.84
Cllr BJ Claassen - terminated October 2018	93 586	244 908.85
Cllr A Small - elected August 2016	302 299	292 677.02
Cllr MA Wessels - elected August 2016	660 508	637 735.99
Ald J Swart - terminated January 2019	166 322	292 677.02
Cllr D De Bruin - elected November 2018	176 767	-
Cllr A van Wyk - elected January 2019	140 737	-
Cllr I Adams - elected February 2019	116 420	-
Cllr SS Lesch - elected August 2016	302 752	292 677.02
<b>Total</b>	<b>6 262 498</b>	<b>5 822 315</b>

	Basic Salary	Motor Vehicle Allowance	Cellphone Allowance	Medical and Pension Contributions	Total
<b>2019</b>					
Executive Mayor	496 858	203 702	40 800	80 725	822 085
Deputy Executive Mayor	435 629	158 449	40 800	66 371	701 249
Speaker	662 200		40 800		703 000
Executive Committee	1 082 794	62 394	81 600	85 693	1 312 480
Other Councillors	2 104 914	189 810	311 981	116 979	2 723 684
<b>Total</b>	<b>4 782 394</b>	<b>614 355</b>	<b>515 981</b>	<b>349 768</b>	<b>6 262 498</b>
<b>2018</b>					
Executive Mayor	465 922	170 597	37 113	82 238	755 871
Deputy Executive Mayor	424 158	151 602	40 800	60 971	677 531
Speaker	636 731	-	40 800	-	677 531
Executive Committee	855 208	202 128	81 600	136 536	1 275 472
Other Councillors	1 805 626	155 893	320 957	153 435	2 435 910
<b>Total</b>	<b>1 805 626</b>	<b>680 220</b>	<b>521 270</b>	<b>433 180</b>	<b>5 822 315</b>

#### In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee members serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties

33

### DEBT IMPAIRMENT

Receivables from Exchange Transactions	8 205 566	7 230 434
Receivables from Non-Exchange Transactions	8 372 713	9 166 450
<b>Total Debt Impairment</b>	<b>16 578 280</b>	<b>16 396 884</b>
Movement in VAT included in debt impairment	(455 716)	(1 083 891)
<b>Total</b>	<b>16 122 564</b>	<b>15 312 993</b>
As previously reported		12 181 899
Correction of error restatement - note 42.1		3 131 094
Restated balance		<b>15 312 993</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>		2019	2018
<b>34</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, Plant and Equipment	17 036 623	17 184 231
	Intangible Assets	384 111	405 090
	Investment Property	643	1 384
	Capitalised Restoration Cost (PPE)	3 990 574	3 478 564
	<b>Total</b>	<b>21 411 951</b>	<b>21 069 269</b>
	As previously reported		20 635 899
	Correction of error restatement - note 42.4		433 370
	Restated balance		21 069 269
<b>35</b>	<b>FINANCE CHARGES</b>		
	<b>Cash</b>	6 404 172	6 280 107
	Long-term Liabilities	6 404 172	6 280 107
	<b>Non-cash</b>	6 968 183	6 554 640
	Post Retirement Medical Benefits	3 399 898	3 544 115
	Long Service Awards	458 102	425 918
	Rehabilitation of Landfill Sites	3 110 183	2 584 607
	<b>Total</b>	<b>13 372 355</b>	<b>12 834 747</b>
<b>36</b>	<b>BULK PURCHASES</b>		
	Electricity	80 290 903	73 795 816
	Water	3 398 209	4 006 927
	Water Purchased	4 451 789	4 006 927
	Surplus generated by West Coast District Municipality (WCDM)	(1 053 580)	-
	<b>Total</b>	<b>83 689 111</b>	<b>77 802 743</b>
	Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including WCDM and a number of private suppliers. Refer to note 54 for more detail regarding the WCDM surplus.		
<b>37</b>	<b>CONTRACTED SERVICES</b>		
	Accounting and Auditing	1 985 601	1 567 581
	Communications	1 021 579	601 404
	Drivers Licence Cards	311 102	337 725
	Human Resources	142 907	147 115
	Laboratory Services	407 290	626 663
	Legal Cost	374 920	286 715
	Maintenance Services	3 988 845	3 732 367
	Organisational	902 464	1 433 190
	Refuse Removal	3 911 271	3 998 873
	Security Services	535 323	570 072
	Traffic Fines Management	217 037	199 059
	Valuer and Assessors	293 217	1 035 417
	Other Consulting and Professional Fees	2 189 006	1 577 126
	<b>Total</b>	<b>16 280 561</b>	<b>16 113 307</b>
	As previously reported		-
	Reclassification - note 43.1		16 113 307
	Restated balance		16 113 307

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

*Figures in Rand*

	2019	2018
<b>38 TRANSFERS AND GRANTS</b>		
Animal Welfare	103 000	50 000
Bergrivier Canoe Marathon	56 700	53 500
Bergrivier Estuary Management Forum	143 000	134 970
External Bursaries	659 085	220 000
Museums	509 750	480 900
Port Owen Marine Authority	1 360 000	901 690
Society for the Prevention of Cruelty to Animals (SPCA)	77 500	120 230
Sport Councils	337 200	260 000
St Helena Bay Water Quality Trust	41 465	34 016
Tourism	2 035 000	1 891 800
Other Transfers and Grants	-	3 000
<b>Total</b>	<b>5 322 700</b>	<b>4 150 106</b>
<b>39 OTHER EXPENDITURE</b>		
Advertising, Publicity and Marketing	1 116 097	884 498
Bank Charges, Facility and Card Fees	672 233	617 347
Bursaries to Employees	54 875	313 936
Chemicals	461 971	525 694
Commission - Prepaid Electricity	2 171 985	1 932 461
Communication	2 639 533	2 720 001
Cellular Contract (Subscription and Calls)	467 729	531 398
Postage, Stamps and Franking Machines	620 204	656 484
Telephone, Fax, Telegraph and Telex	1 551 600	1 532 119
Electricity - Internal usage	1 274 566	1 146 916
Entertainment	126 500	186 152
External Audit Fees	2 858 622	2 308 755
External Computer Service	1 222 544	1 029 751
Fuel	4 257 661	3 581 984
Hire Charges	679 463	281 532
Insurance	1 001 514	1 058 418
Learnerships and Internships	721 844	729 613
Maintenance Materials	4 494 422	3 770 160
Motor Vehicle Licence and Registrations	292 651	252 963
Printing and Stationary	1 292 002	1 239 970
Professional Bodies, Membership and Subscription	1 255 824	1 198 128
Refuse bags	1 402 402	1 286 303
Skills Development Fund Levy	962 298	927 932
Small Tools and Equipment	545 107	291 563
Travel and Subsistence	2 482 902	1 356 589
Uniform and Protective Clothing	557 893	591 551
Sundries and Other Consumables	2 449 153	1 949 368
<b>Total</b>	<b>34 994 061</b>	<b>30 181 585</b>
As previously reported		46 294 892
Reclassification - note 43.1		(16 113 307)
Restated balance		30 181 585
<b>40 ACTUARIAL LOSSES</b>		
Long Service Awards	295 409	-
<b>Total</b>	<b>295 409</b>	<b>-</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 41 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS

Proceeds	785 990	789 855
Less: Carrying value of Investment Property disposed	(50 000)	(110 000)
Less: Carrying value of Property, Plant and Equipment disposed	(230 125)	(113 723)
<b>Total</b>	<b>505 865</b>	<b>566 132</b>

### 42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

#### 42.1 Receivables from Exchange and Non-Exchange Transactions

- In the prior year the Auditor General raised a finding whereby it was stated that the Municipality's provision for doubtful debt was insufficient and not in line with the requirements of GRAP 104. Accordingly, the Municipality reviewed its doubtful debt provision calculation in line with GRAP 104 and noted that the provision was understated by R20 965 384.
- In the prior year interest was incorrectly levied on hand over accounts. As on 30 June 2018, the Municipality assessed the error as being R3 328 621 and accordingly made an adjustment to interest. However, during 2018/19 it was noted that the actual amount of interest which should have been corrected amounted to R1 760 585, resulting in an error of R1 568 036 of which interest was understated in 2017/18.

The net effect of the above-mentioned errors were as follow:

- Receivables from Exchange Transactions - note 3	Overstated	(16 550 289)
- Receivables from Non-Exchange Transactions - note 4	Overstated	(2 847 060)
- Taxes - note 5	Understated	1 838 311
- Debt Impairment - note 33	Understated	3 131 094
- Accumulated Surplus - note 42.6	Overstated	(15 995 978)
- Interest Earned - outstanding debtors - note 42.7	Understated	1 568 036

#### 42.2 Taxes

- The VAT portion pertaining to Debt Impairment amounting to R1 159 358 was incorrectly accounted for in 2014/15 as the increase in the VAT portion of the provision was not netted off against surplus.
- A SARS assessment was performed during 2014/15 whereby R269 723 of VAT refunds were not paid out due to invalid tax invoices. In addition, penalties and interest amounting to R16 831 was also raised in this regard. The said assessment deduction and penalties and interest were never accounted for.

The net effect of the above-mentioned errors were as follow:

- Taxes - note 5	Understated	872 803
- Accumulated Surplus - note 42.6	Understated	872 803

#### 42.3 Investment Property

In the current year a property deeds verification was performed, whereby it was noted that investment properties amounting to R2 631 579 was not recorded in the asset register. It was also noted that property amounting to R15 000 should be removed from the asset register.

The net effect of the above-mentioned errors were as follow:

- Investment Property - note 9	Understated	2 616 579
- Accumulated Surplus - note 42.6	Understated	2 616 579

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

#### 42.4 Property Plant and Equipment

- In the current year a property deeds verification was performed, whereby it was noted that property amounting to R273 000 was not recorded in the asset register. It was also noted that property amounting to R554 000 should be removed from the asset register.
- In the current year a GIS verification exercise was performed. It was noted that infrastructure assets amounting to R127 416 which were replaced, were not removed from the asset register.
- Other Assets (movable assets) previously not included in the asset register were identified during the current years asset verification with a carrying value of R65 050.
- It was noted that projects which were already completed, were still disclosed as work in progress. Accordingly, accumulated depreciation amounting to R1 076 108 was not recorded.

The net effect of the above-mentioned errors were as follow:

- Property, Plant and Equipment - note 10	Overstated	(1 419 384)
- Depreciation and Amortisation - note 34	Understated	433 370
- Accumulated Surplus - note 42.6	Overstated	(986 014)

#### 42.5 Payables from exchange transactions

Property Rates amounting to R452 133 were incorrectly levied on internal accounts. However, the correction was duplicated resulting that the said accounts were in credit and disclosed as Payments Received in Advance.

The net effect of the above-mentioned errors were as follow:

- Payables from exchange transactions note 16	Overstated	(452 133)
- Accumulated Surplus - note 42.6	Understated	452 133

#### 42.6 Accumulated Surplus

Receivables from Exchange and Non-Exchange Transactions - note 42.1	Overstated	(15 995 978)
Investment Property - note 42.3	Understated	2 616 579
Property Plant and Equipment - note 42.4	Overstated	(986 014)
Payables from exchange transactions - note 42.5	Understated	452 133
Taxes - note 42.2	Understated	872 803
Total		<b>(13 040 477)</b>

#### 42.7 Statement of Financial Performance

Interest Earned - outstanding debtors	6 843 064
As previously reported	5 275 028
Receivables from Exchange and Non-Exchange Transactions - note 42.1	1 568 036

### 43 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION

#### 43.1 Contracted Services

Items listed in note 37 were reclassified from Other Expenditure to Contracted Services in order to align the expenditure to the mSCOA chart.

The above mentioned reclassifications affected the following line items:

- Contracted Services	16 113 307
- Other Expenditure	(16 113 307)

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

### 44 NET CASH FROM OPERATING ACTIVITIES

	2019	2018
Net Surplus for the year	27 187 809	17 429 620
Adjusted for:		
Non-cash revenue included in Net Surplus	(7 011 660)	(7 698 361)
Contributed Assets	(700 000)	(1 893 582)
Actuarial Gains	(5 822 604)	(5 260 821)
Rental of Facilities and Equipment - movement in operating lease asset	16 809	22 174
Gain on disposal of Non-Monetary Assets	(505 865)	(566 132)
Non-cash expenditure included in Net Surplus	54 352 134	51 761 220
Employee Related Costs - Contributions towards	9 543 238	8 824 318
Post Retirement Medical Benefits	1 697 230	1 873 355
Long Service Awards	474 360	448 678
Bonuses	5 732 029	5 212 918
Staff Leave	1 344 927	1 000 070
Performance Bonuses	294 692	289 297
Debt Impairment	16 122 564	15 312 993
Depreciation and Amortisation	21 411 951	21 069 269
Finance Charges	6 968 183	6 554 640
Post Retirement Medical Benefits	3 399 898	3 544 115
Long Service Awards	458 102	425 918
Provision for Rehabilitation of Landfill-sites	3 110 183	2 584 607
Actuarial Losses	295 409	-
Other Expenditure - movement in operating lease liability	10 790	-
Cash expenditure not included in Net Surplus	(8 081 138)	(7 413 605)
Post Retirement Medical Benefits	(1 315 781)	(1 308 827)
Long Service Awards	(554 200)	(259 377)
Bonuses	(5 342 465)	(5 057 101)
Staff Leave	(612 398)	(597 417)
Performance Bonuses	(256 294)	(33 003)
Provision for Rehabilitation of Landfill-sites	-	(157 880)
Operating Surplus before changes in working capital	66 447 145	54 078 873
Movement in working capital	(34 790 435)	(31 286 842)
Receivables from Exchange Transactions	(22 443 294)	(11 985 950)
Receivables from Non-Exchange Transactions	(7 291 135)	(13 259 831)
Inventory	771 470	(397 569)
Long-term Receivables	946 727	912 310
Payables from exchange transactions	(5 505 190)	(10 676 510)
Unspent Conditional Government Grants	454 492	(245 961)
Taxes	(1 723 506)	4 366 669
<b>Cash Flow from Operating Activities</b>	<b>31 656 710</b>	<b>22 792 031</b>

### 45 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	64 569 543	71 494 389
Call and Notice Deposits	6 852 211	6 425 225
Cash Floats	16 350	16 350
<b>Total</b>	<b>71 438 105</b>	<b>77 935 964</b>

Refer to note 2 for more details relating to cash and cash equivalents.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 46 BUDGET COMPARISONS

#### 46.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

##### Statement of Financial Position

*Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.*

*Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.*

*Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.*

*Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.*

##### Statement of Financial Performance

*The statement of financial performance is comparable on a line by line basis except for the following items:*

*The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement.*

*Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance.*

*The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement.*

*Other Materials is required to be separately budgeted. However this line item is not GRAP compliant as it does not disclose the nature of the expenditure. Accordingly Other Materials be read in conjunction with Other Expenditure.*

##### Cash Flow Statement

*The Cash Flow Statement is presented on a comparable basis.*

#### 46.2 Statement of Financial Position

##### Adjustments to Original Budget

*Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2017/18.*

*Property, Plant and Equipment was also adjusted to take into account approved roll over grants as well as Public Donations and Contributions which were not included in the original budget.*

*Accumulated Surplus was adjusted to take into account budget adjustments made to the Statement of Financial Performance.*

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 46 BUDGET COMPARISONS (CONTINUED)

#### Actual Amounts vs Final Budget

*Cash was less than budget due to the settlement of outstanding creditors at year-end.*

*Consumer Debtors were less than budget due to the revision of the allowance for debt impairment calculation.*

*Investment Property were more than budget, due to prior years errors whereby land was identified which were not previously recorded in the asset register.*

*Trade and Other Payables were less than budget due to the settlement of outstanding creditors as mentioned above.*

### 46.3 Statement of Financial Performance

#### Adjustments to Original Budget

*Transfers Recognised - Operational was decreased as a result of a decrease in the allocation from Human Settlements amounting to R3.1 million.*

*Employee related costs were adjusted downwards as a result of not all vacant posts being filled.*

*Debt Impairment was increased as a result of the actual collection rate for 2017/18 which was lower than anticipated.*

*Bulk Purchases were increased to into account the increase in electricity demand.*

*Contracted Services was decreased due to the decrease in the allocation from Human Settlements.*

#### Actual Amounts vs Final Budget

*Service Charges - Electricity Revenue were less than budget due to internal usage included in budget.*

*Rental of Facilities and Equipment was more than budget due to camping fees being included under Other Revenue for budget purposes, rather than Rental of Facilities and Equipment.*

*Interest Earned - Outstanding Debtors was more than budget due to lower collections rates for 2017/18 and 2018/19 than in previous years on which the budget assumptions was based.*

*Other Material and Other Expenditure should be read in conjunction. The reason for the actuals amounts being less than budget are due to internal charges which was budgeted for as an expense. For GRAP purposes, all internal charges are reversed.*

*Contracted Services were less than budget due to expenditure pertaining to the Housing grant being treated differently for budget and GRAP purposes. For budget purpose it is included as expenditure, but for GRAP purposes it is treated as an agency service.*

### 46.4 Cash Flow Statement

#### Adjustments to Original Budget

*Government Grants were decreased as a result of the decrease of the Human Settlement's grant.*

*Suppliers and Employees were decreased due to the decrease in employee related costs and contracted services.*

#### Actual Amounts vs Final Budget

*Services charges were less than budget due to a lower collection rate than anticipated in the budget and also internal usage which were budgeted for.*

*Government Grants were less than budget due to the treatment of the Housing grant as an agency function.*

*Interest were less than budget as interest receipts for outstanding debtors are included as part of service charges.*

*Suppliers and Employee were less than budget due to the treatment of the Housing grant as an agency function and internal usage budgeted as expenditure rather than internal usage.*

*Capital Assets were less than budget as all capital projects were concluded at year-end.*



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

#### 47.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	-	-
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - capital	687 569	-
Approved by Council	-	-
<b>Unauthorised expenditure awaiting further action</b>	<b>687 569</b>	<b>-</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2019 (Actual) R	2019 (Final Budget) R	2019 (Unauthorised) R	2018 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>				
Vote 1 - Municipal Manager	23 598 251	24 732 817	-	-
Vote 2 - Finance	29 636 842	31 475 775	-	-
Vote 3 - Corporate Services	27 621 041	28 779 489	-	-
Vote 4 - Technical Services	191 480 875	195 699 816	-	-
Vote 5 - Community Services	48 675 430	54 655 481	-	-
<b>Total</b>	<b>321 012 439</b>	<b>335 343 378</b>	<b>-</b>	<b>-</b>
<b>Unauthorised expenditure - Capital</b>				
Vote 1 - Municipal Manager	88 244	95 500	-	-
Vote 2 - Finance	840 953	844 174	-	-
Vote 3 - Corporate Services	2 866 569	2 179 000	687 569	-
Vote 4 - Technical Services	30 290 451	34 527 000	-	-
Vote 5 - Community Services	7 628 622	8 212 000	-	-
<b>Total</b>	<b>41 714 839</b>	<b>45 857 674</b>	<b>687 569</b>	<b>-</b>

Unauthorised expenditure relates to land amounting to R700 000 which was received as a result of a court order and is therefore a non-cash item.

#### 47.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	-	-
Fruitless and wasteful expenditure incurred - prior years	16 832	-
Fruitless and wasteful expenditure incurred - current year	1 737	8 993
Recovered from Employees	-	(8 993)
Approved by Council	(18 569)	-
<b>Fruitless and wasteful expenditure awaiting further action</b>	<b>-</b>	<b>-</b>

Details of fruitless and wasteful expenditure incurred

(a) An employee who resigned service in August 2017 was paid a salary in September 2017 and not all funds could be recovered.	-	2 042
(b) An employee who retired from service in January 2018 was paid a salary in February 2018 and not all funds could be recovered.	-	6 951
(c) Two Councillors who resigned service in October 2018 was paid the salary on the 25th of October and not all funds could be recovered.	1 737	-
(d) SARS Interest and Penalties (March 2014)	16 832	-
<b>Total</b>	<b>18 569</b>	<b>8 993</b>

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred due to the employees no longer being in service of the municipality and no criminal offence occurred.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

#### 47.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	-	-
Irregular expenditure incurred - current year	3 536 186	-
Approved by Council	(3 536 186)	-
<b>Irregular expenditure awaiting further action</b>	<b>-</b>	<b>-</b>

Details of irregular expenditure incurred

(a) Service rendered without a contract in place - Section 116(3) process followed	3 536 186	-
<b>Total</b>	<b>3 536 186</b>	<b>-</b>

Incidents/cases identified in the current year include:

(a) Service rendered without a contract in place - Section 116(3) process followed	4	
--	---	--

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

### 48 MATERIAL LOSSES

#### 48.1 Water distribution losses

Kilo litres disinfected/purified/purchased	1 713 503	1 715 403
Kilo litres sold and free basic services	1 552 025	1 595 585
Kilo litres lost during distribution	161 478	119 818
Percentage lost during distribution	9.42%	6.98%
Distribution loss (Rand Value)	1 030 204	636 234

Normal pipe bursts and field leakages are responsible for water losses.

#### 48.2 Electricity distribution losses

Units purchased (Kwh)	82 365 768	79 806 013
Units sold, free basic services and standard friction losses	72 190 928	72 101 616
Units lost during distribution (Kwh)	10 174 840	7 704 397
Percentage lost during distribution	12.35%	9.65%
Distribution loss (Rand Value)	9 824 910	6 958 612

Electricity losses are mainly due to friction losses.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

#### 49.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	-	-
Expenditure incurred	1 197 615	1 143 183
Payments	(1 197 615)	(1 143 183)
<b>Payments in advance</b>	<b>-</b>	<b>-</b>

#### 49.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	2 918 258	2 381 045
External Audit - Auditor-General	2 858 622	2 308 755
Audit Committee	59 636	72 291
Payments	(2 918 258)	(2 381 045)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

#### 49.3 VAT [MFMA 125 (1)(c)]

Opening balance	1 958 124	3 634 305
Net amount claimed / (declared) during the year	(1 191 061)	1 499 425
Net amount paid / (received) during the year	1 716 244	(3 175 606)
<b>Outstanding Balance</b>	<b>2 483 307</b>	<b>1 958 124</b>

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

#### 49.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	17 969 254	15 241 589
Payments	(17 969 254)	(15 241 589)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

#### 49.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	28 848 537	25 247 683
Payments made to pension and medical fund	(28 848 537)	(25 247 683)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

#### 49.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

The following Councillor had arrear accounts outstanding for more than 90 days during the year.

J Swart	-	84
AJ du Plooy	-	1 884
<b>Total</b>	<b>-</b>	<b>1 968</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

#### 49.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

Section 36(1)(a)(i) - Emergencies	2 830 617	3 659 613
Section 36(1)(a)(ii) - Single provider	885 712	1 682 280
Section 36(1)(a)(iii) - Specialised services	2 813 140	1 757 437
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	1 863 246	2 269 538
<b>Total</b>	<b>8 392 714</b>	<b>9 368 869</b>

Deviations from Supply Chain Management Regulations can be allocated as follow:

Vote 1 - Municipal Manager	201 281	486 258
Vote 2 - Finance	209 133	172 941
Vote 3 - Corporate Services	418 671	1 166 380
Vote 4 - Technical Services	7 313 363	6 815 851
Vote 5 - Community Services	250 267	727 439
<b>Total</b>	<b>8 392 714</b>	<b>9 368 869</b>

All the deviations were ratified by the Municipal Manager and reported to Council.

### 50 CAPITAL COMMITMENTS

Approved and contracted for

	<b>8 635 067</b>	<b>21 842 573</b>
Land and Buildings	687 801	-
Infrastructure	7 295 092	18 108 559
Intangible Assets	652 174	3 734 014

This expenditure will be financed from:

Government Grants	6 859 063	15 175 300
External Loans	687 801	2 500 000
Own funding	1 088 203	4 167 274
	<b>8 635 067</b>	<b>21 842 573</b>

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 51 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

#### 51.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	71 438 105	77 935 964
Receivables from exchange transactions	50 414 069	36 176 342
Long-term Receivables	618 484	1 608 558
<b>Total</b>	<b>122 470 657</b>	<b>115 720 864</b>

#### Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

#### Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

Electricity	7 140 799	6 260 338
Water	4 616 711	3 196 580
Refuse	8 079 195	6 484 431
Sewerage	5 779 469	4 646 240
Other	5 977 721	3 462 155
Property Rates (Statutory Receivable)	20 463 344	22 199 504
<b>Total</b>	<b>52 057 239</b>	<b>46 249 247</b>

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 51.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the Municipality is not directly exposed to any currency risk.

#### 51.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	71 421 755	77 919 614
Long-term Liabilities (including current portion)	-	-
<b>Net balance exposed</b>	<b>71 421 755</b>	<b>77 919 614</b>

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2018 - 1%) increase in interest rates	714 218	779 196
0% (2018 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

#### 51.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
<b>30 JUNE 2019</b>				
Annuity Loans	11 673 958	43 024 667	44 911 852	99 610 477
Payables from exchange transactions	11 420 805	-	-	11 420 805
<b>Total</b>	<b>23 094 763</b>	<b>43 024 667</b>	<b>44 911 852</b>	<b>111 031 282</b>
<b>30 JUNE 2018</b>				
Annuity Loans	11 514 728	40 987 162	47 980 158	100 482 048
Payables from exchange transactions	17 291 431	-	-	17 291 431
<b>Total</b>	<b>28 806 159</b>	<b>40 987 162</b>	<b>47 980 158</b>	<b>117 773 479</b>

#### 51.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to any other price risk.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

**Figures in Rand**

**2019**

**2018**

### 52 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

#### Financial Assets

Cash and Cash Equivalents	71 438 105	77 935 964
Receivables from Exchange transactions	50 414 069	36 176 342
Long-term Receivables	618 484	1 608 558
<b>Total</b>	<b>122 470 657</b>	<b>115 720 864</b>

#### Financial Liabilities

Payables from exchange transactions	11 420 805	17 291 431
Long-Term Liabilities	58 193 471	56 362 960
<b>Total</b>	<b>69 614 276</b>	<b>73 654 391</b>

### 53 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Taxes	1 839 119	-
Receivables from Non-Exchange Transactions	26 746 617	28 693 012
Rates	25 115 388	26 165 062
Fines	966 100	769 631
Unpaid Grants	140 694	113 815
Department of Human Settlements	-	1 436 010
Witwatersrand Infrastructure Project	271 458	208 494
Goedverwacht Infrastructure Project	252 977	-
<b>Total</b>	<b>28 585 737</b>	<b>28 693 012</b>

The amounts above are disclosed after any provision for impairment has been taken into account.

### 54 EVENTS AFTER REPORTING DATE

In terms of the services concession agreement, the local municipalities determine a tariff, in consultation with the WCDM, that allows the WCDM to recover the costs the WCDM incurs in the provision of the bulk water services. The local municipalities also pay the WCDM an administrative fee of 10% of the operational costs which is also included in the tariff above. The calculation of the 2017/18 and 2018/19 surplus/deficit and its split between the local municipalities was finalised and agreed on 23 August 2019 and is regarded as an adjusting event after the reporting date. The Statement of Financial Position and Statement of Financial Performance have been adjusted to include the surplus amounting to R1 053 580.

Bulk Purchases for water as per note 36 has accordingly been adjusted to take into account the surplus amount of R1 053 580.

### 55 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received donations as disclosed in note 24.

### 56 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

### 57 CONTINGENT LIABILITIES

The Municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

58

### RELATED PARTIES

#### 58.1 Related Party Transactions

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

	Rates	Service Charges	Other	Outstanding Balance
<b>2019</b>				
<u>Councillors</u>				
A Small	383	6 357	4	536
AJ De Vries	12 786	4 608	27	1 449
AJ Du Plooy	1 354	7 124	48	716
J Daniels	6 050	9 312		1 090
J Swart	4 215	4 884	13	1 349
MA Wessels	-	13 158	3	553
RM van Rooy	-	-	-	-
SIJ Smit	4 767	53 176	758	8 191
SM Crafford	7 671	4 689		192
SR Claassen	327	1 764		523
BJ Claasen	-	-	-	-
J Botha	9 890	7 736	233	1 408
D De Bruin	1 232	3 709	721	664
SS Lesch	-	-	-	-
Total	48 675	116 517	1 806	16 671
<u>Municipal Manager and Section 57 Employees</u>				
Adv H Linde	13 231	10 039	2	1 783
DA Josephus	8 108	8 786		1 376
JWA Kotzee	14 568	8 764	-	3 076
H Krohn	10 692	21 596	994	(2 396)
M Wüst	-	-	-	-
GJ Goliath	-	-	-	-
Total	46 599	49 184	995	3 839
<b>2018</b>				
<u>Councillors</u>				
A Small	279	5 952	48	1 062
AJ De Vries	10 917	4 317	46	1 272
AJ Du Plooy	1 003	6 107	154	3 711
EB Manuel	-	-	-	-
J Daniels	5 681	7 705	11	1 056
J Swart	6 573	7 246	20	1 368
MA Wessels	-	15 181	-	975
RM van Rooy	-	-	-	-
SIJ Smit	4 456	48 566	340	7 260
SM Crafford	5 932	4 621	-	(1 295)
SR Claassen	1 114	4 919	-	505
BJ Claasen	-	-	-	-
SS Lesch	-	-	-	-
Total	35 955	104 614	619	15 914
<u>Municipal Manager and Section 57 Employees</u>				
Adv H Linde	12 922	14 095	-	2 054
DA Josephus	6 684	6 280	-	1 330
JWA Kotzee	1 170	7 999	-	1 124
H Krohn	9 358	29 658	1 504	12 391
GJ Goliath	-	-	-	-
Total	30 134	58 033	1 504	16 898



# BERGRIVIER LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

### 58 RELATED PARTIES (CONTINUED)

#### 58.2 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

#### 58.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 31 and 32.

#### 58.4 Other related party transactions

The Municipality did not enter into any transactions where Councillors or Management had an interest.

#### 58.4 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.

The following awards were made where immediate family members are in the service of the State:

Company Name	Related Party	Family member in service of the state	Amount	Amount
Siphenkhosi Protection Service	C Claasen	Spouse (Bergrivier Municipality)	-	147 758
Shop at Sandys	T Wessels	Daughter (Bergrivier Municipality)	23 130	22 450
IOMU trading	A Appollis	Spouse (Correctional Services)	580 729	330 959
Ettiene Vermaak	J Vermaak	Spouse (Karl Bremer Hospital)	19 861	27 107
Cederberg Conservation Service	B Du Plessis	Spouse (Cape Nature)	18 038	-
Die Naaldwerk Kamer	W de Jager	Spouse (Bergrivier Municipality)	4 900	-
<b>Total</b>			<b>646 658</b>	<b>528 274</b>

### 58 CONTINGENT ASSET

The Municipality is not aware of any contingent assets.

### 59 FINANCIAL SUSTAINABILITY

Management is of the opinion that the Municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

#### Financial Indicators

The current ratio increased to 4.11:1 from 3.61:1 in the prior year.

The Municipality have budgeted for a surplus of R15 962 721 for the 2019/2020 financial year and surpluses of R4 405 604 and R5 666 262 for the 2020/2021 and 2021/2022 years respectively.

Cash and Cash Equivalents have decreased during the year due to the Municipality settling outstanding creditors at year-end.

### 60 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2019

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2018	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2019
<b><u>ANNUITY LOANS</u></b>							
DBSA	61003131	16.50%	2020/12/31	341 432	-	(120 603)	220 829
Nedbank	05/7831032282	11.27%	2023/06/12	2 467 734	-	(395 140)	2 072 594
DBSA	61000757	9.86%	2018/12/31	491 801	-	(491 801)	-
DBSA	61001029	12.41%	2030/06/30	14 656 134	-	(579 177)	14 076 957
DBSA	61006811	11.53%	2031/06/30	3 468 515	-	(125 032)	3 343 483
DBSA	61006837	11.59%	2036/06/30	8 314 648	-	(150 635)	8 164 013
DBSA	61006975	11.33%	2032/06/30	3 546 400	-	(113 650)	3 432 750
Standard Bank	252933753	11.95%	2024/06/30	4 982 529	-	(611 036)	4 371 493
Standard Bank	252933737	11.25%	2019/06/30	492 412	-	(492 412)	-
Standard Bank	410683566	10.26%	2023/06/30	6 080 000	-	(992 982)	5 087 018
ABSA	3044794458	9.99%	2021/06/30	282 973	-	(85 164)	197 809
ABSA	3044701437	10.57%	2026/06/12	4 966 100	-	(417 670)	4 548 430
ABSA	3046456438	10.12%	2027/06/30	5 618 154	-	(403 676)	5 214 478
ABSA	3046456399	9.77%	2022/06/30	654 152	-	(140 535)	513 617
DBSA	61007572	9.28%	2029/06/29	-	5 850 000	-	5 850 000
DBSA	61007573	8.90%	2024/06/30	-	1 100 000	-	1 100 000
<b>Total Annuity Loans</b>				<b>56 362 984</b>	<b>6 950 000</b>	<b>(5 119 513)</b>	<b>58 193 471</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2019

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER MOVEMENT R	CLOSING BALANCE R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	41 390 000	(41 390 000)	-	-	-
Finance Management Grant (FMG)	-	1 550 000	(897 826)	(652 174)	-	-
Municipal Infrastructure Grant (MIG)	-	19 754 000	(3 951 356)	(15 802 644)	-	-
Expanded Public Works Programme (EPWP)	-	1 413 000	(1 413 000)	-	-	-
Integrated National Electrification Programme (INEP)	-	3 000 000	-	(3 000 000)	-	-
<b>Total</b>	<b>-</b>	<b>67 107 000</b>	<b>(47 652 182)</b>	<b>(19 454 818)</b>	<b>-</b>	<b>-</b>
<b>PROVINCIAL GOVERNMENT</b>						
CDW Contribution	13 947	-	-	-	-	13 947
Western Cape Financial Management Support Grant	-	690 000	(690 000)	-	-	-
Proclaimed Roads	-	92 730	(92 730)	-	-	-
Regional Socio - Economic Project/Violence Prevention through Urban Upgrading	-	1 000 000	-	(1 000 000)	-	-
Library Services	-	7 255 000	(6 635 000)	(59 985)	-	560 015
Financial Management Capacity Building Grant	20 000	-	-	-	-	20 000
Local Government Graduate Internship Allocation	60 000	-	-	-	-	60 000
<b>Total</b>	<b>93 947</b>	<b>9 037 730</b>	<b>(7 417 730)</b>	<b>(1 059 985)</b>	<b>-</b>	<b>653 962</b>
<b>OTHER GRANT PROVIDERS</b>						
Cerebos Ltd	-	-	-	-	-	-
Heist op den Berg	105 523	634 275	(766 678)	-	26 880	-
Chieta	-	188 815	(188 815)	-	-	-
LG Seta	-	-	-	-	-	-
<b>Total</b>	<b>105 523</b>	<b>823 090</b>	<b>(955 493)</b>	<b>-</b>	<b>26 880</b>	<b>-</b>
<b>ALL SPHERES OF GOVERNMENT</b>	<b>199 470</b>	<b>76 967 821</b>	<b>(56 025 405)</b>	<b>(20 514 803)</b>	<b>26 880</b>	<b>653 962</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>Financial Performance</b>						
Property rates	67 181 877	-	67 181 877	67 799 813	617 936	62 606 570
Service charges	168 198 367	1 553 633	169 752 000	160 631 071	(9 120 929)	145 624 075
Investment revenue	5 118 750	20 000	5 138 750	6 202 756	1 064 006	6 729 330
Transfers and subsidies - operational	61 748 130	(2 857 029)	58 891 101	56 025 405	(2 865 696)	48 799 496
Other own revenue	26 479 442	(741 406)	25 738 036	36 326 439	10 588 403	31 694 019
<b>Total Operating Revenue (excluding capital transfers)</b>	<b>328 726 566</b>	<b>(2 024 802)</b>	<b>326 701 764</b>	<b>326 985 484</b>	<b>283 720</b>	<b>295 453 490</b>
Employee costs	125 026 679	(4 576 441)	120 450 238	123 261 269	2 811 031	111 580 828
Remuneration of councillors	6 377 666	(59 000)	6 318 666	6 262 498	(56 168)	5 822 315
Debt impairment	14 142 493	2 961 507	17 104 000	16 122 564	(981 436)	15 312 993
Depreciation and asset impairment	21 890 610	474 390	22 365 000	21 411 951	(953 049)	21 069 269
Finance charges	14 013 694	(448 704)	13 564 990	13 372 355	(192 635)	12 834 747
Bulk purchases	79 480 000	3 163 200	82 643 200	83 689 111	1 045 911	77 802 743
Other Materials	11 414 778	(132 811)	11 281 967	-	(11 281 967)	-
Contracted Services	24 447 442	(2 261 156)	22 186 286	16 280 561	(5 905 725)	16 113 307
Transfers and grants	5 280 520	50 000	5 330 520	5 322 700	(7 820)	4 150 106
Other expenditure	33 771 408	327 103	34 098 511	35 289 470	1 190 959	30 181 585
<b>Total Expenditure</b>	<b>335 845 290</b>	<b>(501 912)</b>	<b>335 343 378</b>	<b>321 012 478</b>	<b>(14 330 900)</b>	<b>294 867 893</b>
<b>Surplus/(Deficit)</b>	<b>(7 118 724)</b>	<b>(1 522 890)</b>	<b>(8 641 614)</b>	<b>5 973 006</b>	<b>14 614 620</b>	<b>585 597</b>
Transfers and subsidies - capital (monetary)	21 434 870	391 304	21 826 174	20 514 803	(1 311 371)	14 950 441
Transfers and subsidies - capital (in-kind)	-	-	-	700 000	700 000	1 893 582
<b>Surplus/(Deficit) for the year</b>	<b>14 316 146</b>	<b>(1 131 586)</b>	<b>13 184 560</b>	<b>27 187 809</b>	<b>14 003 249</b>	<b>17 429 620</b>
<b>Capital expenditure &amp; funds sources</b>						
Capital expenditure	<b>45 663 870</b>	193 804	<b>45 857 674</b>	<b>41 714 839</b>	(4 142 835)	<b>31 376 854</b>
Transfers recognised - capital	21 434 870	391 304	21 826 174	21 754 320	(71 854)	14 939 540
Public contributions & donations	10 000	-	10 000	-	(10 000)	1 893 582
Borrowing	6 950 000	-	6 950 000	6 411 726	(538 274)	4 475 854
Internally generated funds	17 269 000	(197 500)	17 071 500	13 548 793	(3 522 707)	10 067 879
<b>Total sources of capital funds</b>	<b>45 663 870</b>	<b>193 804</b>	<b>45 857 674</b>	<b>41 714 839</b>	<b>(4 142 835)</b>	<b>31 376 854</b>
<b>Cash flows</b>						
Net cash from (used) operating	42 303 104	270 791	42 573 895	31 656 710	(10 917 185)	22 792 031
Net cash from (used) investing	(45 663 870)	(193 804)	(45 857 674)	(40 185 502)	5 672 172	(28 678 529)
Net cash from (used) financing	2 957 341	(992 928)	1 964 413	2 030 932	66 519	1 741 971
Net Cash Movement for the year	(403 425)	(915 942)	(1 319 366)	(6 497 860)	(5 178 493)	(4 144 526)
Cash/cash equivalents at beginning of year	84 643 085	(6 707 121)	77 935 964	77 935 964	-	82 080 490
<b>Cash/cash equivalents at the year end</b>	<b>84 239 660</b>	<b>(7 623 063)</b>	<b>76 616 598</b>	<b>71 438 104</b>	<b>(5 178 493)</b>	<b>77 935 964</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>REVENUE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	31 026 863	137	31 027 000	31 020 000	(7 000)	26 360 919
Finance and administration	80 373 480	80 111	80 453 591	93 828 872	13 375 281	85 704 617
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>						
Community and social services	7 765 118	134 882	7 900 000	7 358 581	(541 419)	7 138 438
Sport and recreation	4 849 392	238 660	5 088 052	4 702 801	(385 251)	4 253 823
Public safety	5 719	(719)	5 000	-	(5 000)	1 754 650
Housing	7 042 318	(3 100 000)	3 942 318	-	(3 942 318)	-
<b>Economic and environmental services</b>						
Planning and development	22 204 575	30 425	22 235 000	23 189 245	954 245	3 597 777
Road transport	15 347 751	(1 116 049)	14 231 702	13 526 007	(705 695)	12 277 998
<b>Trading services</b>						
Energy sources	116 660 087	668 012	117 328 099	106 483 234	(10 844 865)	96 476 289
Water management	23 760 717	501 078	24 261 795	26 209 734	1 947 939	21 255 934
Waste water management	15 639 087	45 019	15 684 106	15 624 739	(59 367)	28 958 707
Waste management	25 486 329	884 946	26 371 275	26 257 074	(114 202)	24 518 359
<b>Total Revenue - Standard</b>	<b>350 161 436</b>	<b>(1 633 498)</b>	<b>348 527 938</b>	<b>348 200 287</b>	<b>(327 651)</b>	<b>312 297 511</b>
<b>EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	18 934 793	183 014	19 117 807	18 294 824	(822 983)	15 995 020
Finance and administration	65 663 291	1 368 774	67 032 065	63 348 049	(3 684 016)	60 865 075
Internal audit	1 233 838	(5 538)	1 228 300	1 186 953	(41 347)	1 427 504
<b>Community and public safety</b>						
Community and social services	8 991 841	(21 230)	8 970 611	8 309 255	(661 356)	7 540 473
Sport and recreation	18 870 185	(285 549)	18 584 636	17 543 172	(1 041 464)	13 873 303
Public safety	1 348 521	103 293	1 451 814	1 286 156	(165 658)	1 342 965
Housing	8 397 979	(3 085 615)	5 312 364	1 418 214	(3 894 150)	1 033 662
<b>Economic and environmental services</b>						
Planning and development	12 617 185	(732 287)	11 884 898	11 565 002	(319 896)	10 517 574
Road transport	46 307 184	(1 889 215)	44 417 969	44 360 320	(57 649)	39 229 281
<b>Trading services</b>						
Energy sources	95 778 308	2 774 602	98 552 910	96 985 140	(1 567 770)	91 328 267
Water management	20 731 252	(1 510 575)	19 220 677	18 865 820	(354 857)	18 536 000
Waste water management	13 140 049	601 902	13 741 951	9 512 220	(4 229 731)	9 043 651
Waste management	23 830 864	1 996 512	25 827 376	28 337 314	2 509 938	24 135 119
<b>Total Expenditure - Standard</b>	<b>335 845 290</b>	<b>(501 912)</b>	<b>335 343 378</b>	<b>321 012 439</b>	<b>(14 330 939)</b>	<b>294 867 894</b>
<b>Surplus/(Deficit) for the year</b>	<b>14 316 146</b>	<b>(1 131 586)</b>	<b>13 184 560</b>	<b>27 187 848</b>	<b>14 003 288</b>	<b>17 429 616</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)</b>						
<b>REVENUE</b>						
Vote 1 - Municipal Manager	31 446 863	137	31 447 000	31 440 000	(7 000)	26 780 919
Vote 2 - Finance	79 119 369	49 970	79 169 339	86 687 611	7 518 272	79 512 495
Vote 3 - Corporate Services	1 700 974	23 278	1 724 252	8 004 746	6 280 494	6 590 998
Vote 4 - Technical Services	204 537 899	2 148 750	206 686 649	198 073 125	(8 613 524)	175 774 365
Vote 5 - Community Services	33 356 331	(3 855 633)	29 500 698	23 994 806	(5 505 892)	23 638 734
<b>Total Revenue by Vote</b>	<b>350 161 436</b>	<b>(1 633 498)</b>	<b>348 527 938</b>	<b>348 200 287</b>	<b>(327 651)</b>	<b>312 297 511</b>
<b>EXPENDITURE</b>						
Vote 1 - Municipal Manager	24 745 441	(12 624)	24 732 817	23 598 251	(1 134 566)	20 832 264
Vote 2 - Finance	28 857 581	2 618 194	31 475 775	29 636 842	(1 838 933)	29 124 320
Vote 3 - Corporate Services	30 079 492	(1 300 003)	28 779 489	27 621 041	(1 158 448)	26 694 247
Vote 4 - Technical Services	192 931 583	2 768 233	195 699 816	191 480 875	(4 218 941)	178 036 793
Vote 5 - Community Services	59 231 193		54 655 481	48 675 430	(5 980 051)	40 180 270
<b>Total Expenditure by Vote</b>	<b>335 845 290</b>	<b>4 073 800</b>	<b>335 343 378</b>	<b>321 012 439</b>	<b>(14 330 939)</b>	<b>294 867 894</b>
<b>Surplus/(Deficit) for the year</b>	<b>14 316 146</b>	<b>(5 707 298)</b>	<b>13 184 560</b>	<b>27 187 848</b>	<b>14 003 288</b>	<b>17 429 616</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>REVENUE AND EXPENDITURE</b>						
<b>REVENUE BY SOURCE</b>						
Property rates	67 181 877	-	67 181 877	67 799 813	617 936	62 606 570
Service charges - electricity revenue	112 163 727	769 372	112 933 099	102 121 453	(10 811 646)	94 502 306
Service charges - water revenue	21 865 717	501 078	22 366 795	24 347 734	1 980 939	19 308 934
Service charges - sanitation revenue	12 906 225	31 881	12 938 106	12 876 092	(62 014)	12 070 710
Service charges - refuse revenue	21 262 698	251 302	21 514 000	21 285 792	(228 208)	19 742 125
Rental of facilities and equipment	908 391	159 239	1 067 630	5 830 400	4 762 770	5 319 490
Interest earned - external investments	5 118 750	20 000	5 138 750	6 202 756	1 064 006	6 729 330
Interest earned - outstanding debtors	4 284 800	-	4 284 800	7 390 157	3 105 357	6 843 064
Fines, penalties and forfeits	9 691 365	(1 323 365)	8 368 000	9 934 861	1 566 861	7 098 271
Licences and permits	11 437	(437)	11 000	-	(11 000)	-
Agency services	4 210 328	-	4 210 328	4 312 596	102 268	4 016 499
Transfers and subsidies - Operating	61 748 130	(2 857 029)	58 891 101	56 025 405	(2 865 696)	48 799 496
Other revenue	7 373 121	423 157	7 796 278	8 352 560	556 282	8 416 695
Gain on disposal of PPE	-	-	-	505 865	505 865	-
<b>Total Revenue (excl capital transfers)</b>	<b>328 726 566</b>	<b>(2 024 802)</b>	<b>326 701 764</b>	<b>326 985 484</b>	<b>283 720</b>	<b>295 453 490</b>
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	125 026 679	(4 576 441)	120 450 238	123 261 269	2 811 031	111 580 828
Remuneration of councillors	6 377 666	(59 000)	6 318 666	6 262 498	(56 168)	5 822 315
Debt impairment	14 142 493	2 961 507	17 104 000	16 122 564	(981 436)	15 312 993
Depreciation and asset impairment	21 890 610	474 390	22 365 000	21 411 951	(953 049)	21 069 269
Finance charges	14 013 694	(448 704)	13 564 990	13 372 355	(192 635)	12 834 747
Bulk purchases	79 480 000	3 163 200	82 643 200	83 689 111	1 045 911	77 802 743
Other Materials	11 414 778	(132 811)	11 281 967	-	(11 281 967)	-
Contracted Services	24 447 442	(2 261 156)	22 186 286	16 280 561	(5 905 725)	16 113 307
Transfers and grants	5 280 520	50 000	5 330 520	5 322 700	(7 820)	4 150 106
Other expenditure	33 771 408	327 103	34 098 511	35 289 470	1 190 959	30 181 585
<b>Total Expenditure</b>	<b>335 845 290</b>	<b>(501 912)</b>	<b>335 343 378</b>	<b>321 012 478</b>	<b>(14 330 900)</b>	<b>294 867 893</b>
<b>Surplus/(Deficit)</b>	<b>(7 118 724)</b>	<b>(1 522 890)</b>	<b>(8 641 614)</b>	<b>5 973 006</b>	<b>14 614 620</b>	<b>585 597</b>
Transfers and subsidies - Capital (monetary)	21 434 870	391 304	21 826 174	20 514 803	(1 311 371)	14 950 441
Transfers and subsidies - Capital (in-kind)	-	-	-	700 000	700 000	1 893 582
<b>Surplus/(Deficit) for the year</b>	<b>14 316 146</b>	<b>(1 131 586)</b>	<b>13 184 560</b>	<b>27 187 809</b>	<b>14 003 249</b>	<b>17 429 620</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CAPITAL EXPENDITURE</b>						
<b>CAPITAL EXPENDITURE (MUNICIPAL VOTE)</b>						
<b>Multi-year expenditure</b>						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	-
Vote 3 - Corporate Services	1 000 000	-	1 000 000	1 000 191	191	951 390
Vote 4 - Technical Services	7 982 812	464 293	8 447 105	8 692 945	245 840	1 445 371
Vote 5 - Community Services	908 000	(43 915)	864 085	846 910	(17 175)	578 982
<b>Total Multi-year expenditure</b>	<b>9 890 812</b>	<b>420 378</b>	<b>10 311 190</b>	<b>10 540 047</b>	<b>228 857</b>	<b>2 975 742</b>
<b>Single-year expenditure</b>						
Vote 1 - Municipal Manager	93 000	2 500	95 500	88 244	(7 256)	99 866
Vote 2 - Finance	844 174	-	844 174	840 953	(3 221)	1 577 331
Vote 3 - Corporate Services	1 138 000	41 000	1 179 000	1 866 378	687 378	236 508
Vote 4 - Technical Services	26 396 884	(316 989)	26 079 895	21 597 506	(4 482 389)	21 790 665
Vote 5 - Community Services	7 301 000	46 915	7 347 915	6 781 712	(566 203)	4 696 742
<b>Total Single-year expenditure</b>	<b>35 773 058</b>	<b>(226 574)</b>	<b>35 546 484</b>	<b>31 174 792</b>	<b>(4 371 692)</b>	<b>28 401 112</b>
<b>Total Capital Expenditure by Vote</b>	<b>45 663 870</b>	<b>193 804</b>	<b>45 857 674</b>	<b>41 714 839</b>	<b>(4 142 835)</b>	<b>31 376 854</b>
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	56 000	1 200	57 200	52 422	(4 778)	99 866
Finance and administration	4 399 174	-	4 399 174	3 643 651	(755 523)	1 878 351
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>						
Community and social services	985 000	(27 707)	957 293	397 275	(560 018)	909 503
Sport and recreation	6 365 000	15 561	6 380 561	6 334 872	(45 689)	794 438
Public safety	208 000	26 447	234 447	226 755	(7 692)	1 917 567
Housing	8 000	(542)	7 458	7 457	(1)	9 153
<b>Economic and environmental services</b>						
Planning and development	1 045 000	42 300	1 087 300	1 777 949	690 649	994 908
Road transport	6 861 000	497 191	7 358 191	7 452 321	94 130	5 432 814
<b>Trading services</b>						
Energy sources	5 266 696	391 304	5 658 000	5 928 676	270 676	1 639 050
Water management	6 305 000	(944 000)	5 361 000	1 083 070	(4 277 930)	1 839 330
Waste water management	13 063 000	192 050	13 255 050	13 410 271	155 221	13 264 557
Waste management	1 102 000	-	1 102 000	1 400 119	298 119	2 597 318
<b>Total Capital Expenditure - Standard</b>	<b>45 663 870</b>	<b>193 804</b>	<b>45 857 674</b>	<b>41 714 839</b>	<b>(4 142 835)</b>	<b>31 376 854</b>



# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CAPITAL EXPENDITURE (CONTINUED)</b>						
<b>FUNDING SOURCES</b>						
National Government	19 162 696	391 304	19 554 000	20 041 970	487 970	13 413 427
Provincial Government	2 272 174	-	2 272 174	1 712 350	(559 824)	1 526 113
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>21 434 870</b>	<b>391 304</b>	<b>21 826 174</b>	<b>21 754 319.71</b>	<b>(71 854)</b>	<b>14 939 540</b>
Public contributions & donations	10 000	-	10 000	-	(10 000)	1 893 582
Borrowing	6 950 000	-	6 950 000	6 411 726	(538 274)	4 475 854
Internally generated funds	17 269 000	(197 500)	17 071 500	13 548 793	(3 522 707)	10 067 879
<b>Total Capital Funding</b>	<b>45 663 870</b>	<b>193 804</b>	<b>45 857 674</b>	<b>41 714 839</b>	<b>(4 142 835)</b>	<b>31 376 854</b>

# BERGRIVIER LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>CASH FLOWS</b>						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	64 830 512	(335 910)	64 494 602	66 921 734	2 427 132	54 467 061
Service charges	162 311 425	650 495	162 961 920	146 524 662	(16 437 258)	141 393 499
Other revenue	14 223 501	(273 265)	13 950 236	14 514 940	564 704	18 292 524
Government - operating	61 748 130	(2 857 029)	58 891 101	56 453 018	(2 438 083)	48 553 535
Government - capital	21 434 870	391 304	21 826 174	20 514 803	(1 311 371)	14 950 441
Interest	9 253 582	(1 424)	9 252 158	6 202 756	(3 049 402)	6 729 330
<b>Payments</b>						
Suppliers and employees	(279 622 067)	2 696 621	(276 925 446)	(267 748 330)	9 177 116	(251 164 144)
Finance charges	(6 596 330)	-	(6 596 330)	(6 404 172)	192 158	(6 280 107)
Transfers and grants	(5 280 520)	-	(5 280 520)	(5 322 700)	(42 180)	(4 150 106)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>42 303 104</b>	<b>270 791</b>	<b>42 573 895</b>	<b>31 656 710</b>	<b>(10 917 185)</b>	<b>22 792 031</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	-	-	-	785 990	785 990	789 855
Decrease (increase) other non-current receivables	-	-	-	43 347	43 347	14 889
<b>Payments</b>						
Capital assets	(45 663 870)	(193 804)	(45 857 674)	(41 014 839)	4 842 835	(29 483 273)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(45 663 870)</b>	<b>(193 804)</b>	<b>(45 857 674)</b>	<b>(40 185 502)</b>	<b>5 672 172</b>	<b>(28 678 529)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	6 950 000	-	6 950 000	6 950 000	-	6 080 000
Increase (decrease) in consumer deposits	133 926	-	133 926	200 445	66 519	183 377
<b>Payments</b>						
Repayment of borrowing	(4 126 585)	(992 928)	(5 119 513)	(5 119 513)	-	(4 521 406)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>2 957 341</b>	<b>(992 928)</b>	<b>1 964 413</b>	<b>2 030 932</b>	<b>66 519</b>	<b>1 741 971</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(403 425)</b>	<b>(915 942)</b>	<b>(1 319 366)</b>	<b>(6 497 860)</b>	<b>(5 178 494)</b>	<b>(4 144 526)</b>
Cash/cash equivalents at the year begin:	84 643 085	(6 707 121)	77 935 964	77 935 964	-	82 080 490
Cash/cash equivalents at the year end:	84 239 660	(7 623 063)	76 616 598	71 438 105	(5 178 493)	77 935 964